



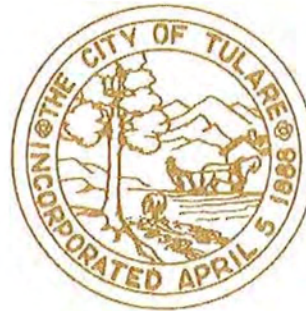
CALIFORNIA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2008



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ANNUAL

FINANCIAL

REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2008

PREPARED BY THE FINANCE DEPARTMENT STAFF
DARLENE J. THOMPSON, C.P.A.
FINANCE DIRECTOR/TREASURER

**CITY OF TULARE,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2008

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2008**

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ENGINEERING DEPARTMENT

Introductory Section



Engineering staff at work on a project to replace and strengthen the bus drive areas at the Transit Center.



Working with the Redevelopment Agency to acquire underutilized property west of the railroad tracks, the Engineering Department oversaw the development of two new ponding basins along I Street just south of Cross Avenue. The new basins improve drainage in the downtown area to encourage new development.

January 27, 2009

Honorable Mayor and Members of the City Council
Darrel L. Pyle, City Manager
City of Tulare, California

This transmittal letter introduces the Comprehensive Annual Financial Report of the City of Tulare (City) for the fiscal year ended June 30, 2008. The report is presented in three major sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a list of principal city officials, an organizational chart of the city government, and copy of the City's award for excellence in financial reporting (for the fiscal year ended June 30, 2007). The Financial Section includes the unqualified opinion of the City's independent auditors, basic financial statements with the underlying combining statements and schedules for individual funds, and explanatory notes to the financial statements. The Statistical Section includes selected financial and demographic information depicting the City's historical trends and other significant facts.

This report has been prepared under the direction of the Finance Department in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data presented is accurate in all material respects, is presented fairly to set forth the financial position and results of operations of the various City funds, and is complete in providing all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs.

In addition to the financial audit, the City is required to have an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. The single audit, including the schedule of federal expenditures, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants is not included with this report but is issued as a separate document.

CITY OF TULARE

The City of Tulare was incorporated on April 5, 1888 as a general law city. On May 1, 1923, the city was granted a Freeholders Charter by the State of California. Tulare is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of the state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural production nationwide), Tulare has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets.

The City operates under a Council/Manager form of government and provides a full range of services to its citizens. Services provided include police and fire; parks and community services (including, a cross-town trail, a senior center, a teen center, and a cycle park); public works administration and engineering; water, solid waste, sewer and wastewater treatment public utilities; street maintenance, sweeping, and construction (including storm drainage and graffiti abatement); planning, zoning, and building inspection; a public transit system; a municipal airport; a library; housing and community development; finance, treasury, and accounting; and human resources, risk management, and general administration. The public utilities are governed by the Board of Public Utilities Commissioners, which consists of five commissioners appointed by the City Council.

ECONOMIC CONDITION AND OUTLOOK

During the last fiscal year, sales tax revenues, a major source of funds for the City's General Fund reached an annual level of \$12,181,100. The top five economic segments producing sales taxes were, in descending order, Department Stores, Building Materials - Wholesale, Auto Sales - New, Service Stations, and Miscellaneous Retail.

The City's population during the year reached 57,375. This is 13% of the total County population. There were 406 single family home building permits issued in 2007-2008. Jobs were provided by principal business employers including Land O'Lakes, Incorporated (formerly Dairyman's Cooperative Creamery Association); Nestle Ice Cream Company; Wal-Mart Store, Southern California Edison Company; and Golden Valley Dairy Products. The City's unemployment rate is 8.3% less than the County rate of 9.8%.

City government remains in sound financial condition. The General Fund (the 001 fund portion only) ended the year with an unreserved/undesignated fund balance of \$12,093,380. Over the past eleven years, the property tax shift to education (the Educational Revenue Augmentation Fund, or ERAF) has taken approximately \$15,111,260 of property taxes away from the City. The City's Revenue Cost System (RCS) continues to generate needed revenues for the General Fund. The RCS provides a mechanism for the City to collect fees from customers who request a special service. Special services are defined by ordinance and a percentage of cost recovery is established for each cost center. Actual costs are calculated and new fees are established based upon the provisions of the enabling ordinance. The RCS program reduces the burden on tax revenues to pay for special, requested services and allows taxes to be used for services provided to all the City's citizens.

The management of the City continues to be optimistic about the economic future of the community. Efforts are continuing to develop the industrial portion of the economic base and to expand the retail and tourism segment. Of continuing concern to the City is its ability to hold down operating costs while maintaining acceptable levels of service. Another concern is the continuing threat to local government by the State of California which continues to transfer property taxes to education and is considering taking other City revenues as a means of solving its own budget problems.

MAJOR INITIATIVES

Future Capital Improvement Projects: During fiscal year 2007-2008, some expenditures were incurred and planning work was started or continued on several large capital improvement projects. A significant amount of work has been done to repair the streets with additional amount been budgeted in the future. Some of the future projects planned by the City include a skate park, redesigned corporation yard, a ponding basin in the downtown and outlet mall area and a new library.

Community Services: The design phase for the new 15 acres of Del Lago Park Phase II and the construction of a Skate Park at Topham Park .

Redevelopment Agency: Activities during fiscal year 2007-2008 encompassed use of locally-generated Redevelopment Regular and Low/Moderate-income Set-aside funds, State Cal-Home, Workforce Investment Grant and Department of Toxic Substance Control Grant funds, and Federal Community Development Block Grant and HOME Program funds to address physical, economic and social blight in the adopted Redevelopment Project Areas. Activities included First-time Homebuyers Assistance Program providing loans to qualified families seeking their first home, Homeowner Rehabilitation Program providing loans to qualified low-income families needing assist for home rehabilitation to address life, health and safety issues, Economic Development Activities to promote private investment and job creation in the Project Areas and land recycling consisting of taking distressed properties and converting them into private partnership investment opportunities.

Property acquisition also included opportunities to partner with local affordable housing development entities including Habitat for Humanity of Tulare County, Self-Help Enterprises and the Housing Authority of Tulare County. These activities and partnerships provided an increase in the affordable housing stock for low- and moderate-income families. During the year the Agency purchased a four-acre parcel from the Tulare Irrigation District for development of a 40-50 unit affordable housing development as part of a joint public/private venture.

Police Department: Since fiscal year 1996-97, the Police Department has found itself the recipient of several grants which have allowed it to hire additional staff and purchase computer software and equipment, safety equipment, public relations materials, and other supplies. During fiscal year 2007-2008, these grants totaled \$225,820 and included the Local Law Enforcement Block Grant, COPS - State, Office of Traffic Safety, California Law Enforcement Equipment, and DMV - Auto Theft Deterrence.

Wastewater Plant Expansion and Improvements: Work was started in 1999-2000 on the expansion and improvement of the industrial portion of the City's wastewater treatment plant and system. Work increased in fiscal year 2007-2008, and will continue for the next three years due the Regional Water Board permit requirements.

FINANCIAL INFORMATION

Budgetary Controls: The City of Tulare Charter requires the City Manager to submit an estimated revenue and proposed expenditure budget for the ensuing year to the City Council on or before the second regular meeting in May of each year. Each department head is responsible for monitoring departmental expenditures incurred compared to appropriations established by the City Council or Board of Public Utilities Commissioners, as applicable. Oversight functions are provided by the City Manager and the Finance Director/Treasurer through administrative policies and periodic review.

Internal Controls: The management of the City is responsible for establishing and maintaining an internal control system to ensure that the City's assets are protected from loss, theft, or misuse and to ensure that accurate accounting data is collected to allow for the preparation of financial statements in conformance with generally accepted accounting principles. The City's internal controls provide reasonable, but not absolute assurance that these objectives are met and that the cost of controls does not exceed the benefits derived. Internal controls are continually reviewed by management to ensure compliance with City policies and modified to allow for any changes in the organizational structure. We believe the City's internal control system meets the established objectives of safe-guarding assets and providing assurance that financial transactions are properly recorded and reported.

Discretely Presented Component Unit: The Tulare Redevelopment Agency was established pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The City's Council members appoint the Agency's directors, designate management, and have full accountability for the Agency's fiscal matters. The Agency's financial data and transactions are presented as a governmental fund type. Additional information about the Redevelopment Agency can be found in Note 1 of the Notes to the Financial Statements.

General Governmental Functions: General Governmental functions include the General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, Expendable Trust Fund, and the component unit.

Enterprise Operations: The City's enterprise operations consist of, aviation, transit, water, solid waste, and sewer funds. The last three funds fall under the management and control of the Board of Public Utilities Commissioners.

The Aviation Fund had a negative net working capital balance of \$391,990 at June 30, 2008. The General Fund made no operating transfers/contributions to the Aviation Fund during the fiscal year.

The Transit Fund's operating revenues totaled \$1,507,696 for fiscal year 2007-2008.

The Transit Fund had a net working capital balance of \$237,186 at June 30, 2008. There was a rate increase in July 2007 to increase fare by 25¢.

The Water Fund's operating revenues totaled \$6,383,693 for fiscal year 2007-2008. The fund ended the year with a net working capital balance of \$5,353,474.

The Solid Waste Fund's operating revenues totaled \$6,513,112 for fiscal year 2007-2008. The fund ended the year with a negative working capital balance of \$1,604,454. There was a rate increase on July 1, 2007 to increase customers' charges by \$1 a month.

The Sewer Fund's operating revenues totaled \$18,812,643 for fiscal year 2007-2008. The Sewer Fund's net working capital balance at June 30, 2008 was \$44,000,202. There was a rate change on July 1, 2007 which increased single family residential customers' charges by \$2.84 per month.

Cash Management: The City of Tulare's investment program is governed by the California Government Code Section 53600, et. seq., and the City Investment Policy which is adopted annually by the City Council. The Investment Policy, in part, establishes an Investment Review Committee which consists of a citizen member appointed by the City Council (currently, a City Council member), a member of the Board of Public Utility Commissioners, a member of the Redevelopment Agency Board of Directors, the Redevelopment Agency Director, and the Finance Director/Treasurer. This committee is required to meet at least quarterly to review investments, formulate investment strategy, and insure adherence to the current investment policy.

Risk Management: The City is self-insured for worker's compensation and general liability insurance, and participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a consortium of fifty four (54) entities in the San Joaquin Valley. Note 8 of the Notes to the Financial Statements provides a more detailed explanation of the City's insurance coverage.

The City's risk management program has enabled the City to minimize its exposure to risk and control the associated costs of providing the program. In addition, an active employee safety training and inspection program has continued to provide a safe work environment.

The Employee health insurance benefit is not part of the CSJVRMA program. The City contracts with Gallagher Benefit Services of California Insurance Service which acts as broker for the City. The City is partially self-insured and utilizes a third party administrator, Brickmore Risk Services, for processing claims.

OTHER INFORMATION

Independent Audit: City policy requires an annual audit of the City's financial records by an independent Certified Public Accountant. The accounting firm Brown Armstrong performed the audit and its opinion has been included in the financial section of this report. The auditor issued an unqualified opinion on the City's financial statements, which means that the auditor's examination disclosed no conditions which would cause them to believe that the statements are not fairly stated in all material respects.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulare for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007, marking the eleventh consecutive year Tulare has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award of Outstanding Financial Reporting to the City of Tulare for the annual financial report for the fiscal year ended June 30, 2005. The CSMFO has recently changed the guidelines of their California Award Program and will only be reviewing the financial statements from cities that do not apply for the national GFOA award program. Thus the City of Tulare only participated in the national program for year ended June 30, 2007.

Divider Pages: The divider pages for the Introductory, Financial, and Statistical Sections feature various activities of the City of Tulare Engineering Department. The Engineering Department, led by Ken Ramage was honored as the City's department of the year for calendar year 2007 because of its extraordinary efforts for the benefit of the community.

Acknowledgments: The preparation of this document could not have been accomplished without the highly professional and dedicated services of the Finance Department staff. I should like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I should also like to thank the Mayor, City Council, and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Recognition is also extended to our auditors, Brown Armstrong, for their significant and competent assistance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Darlene J. Thompson".

Darlene J. Thompson, CPA
Finance Director

CITY OF TULARE
California
Principal City Officials
June 30, 2008

City Council

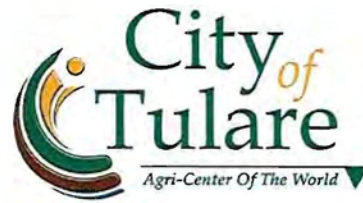
Craig Vejvoda	Mayor
Philip Vandegrift	Vice Mayor
Carlton Jones	Council Member
David Macedo	Council Member
Richard Ortega	Council Member

Board of Public Utilities Commissioners

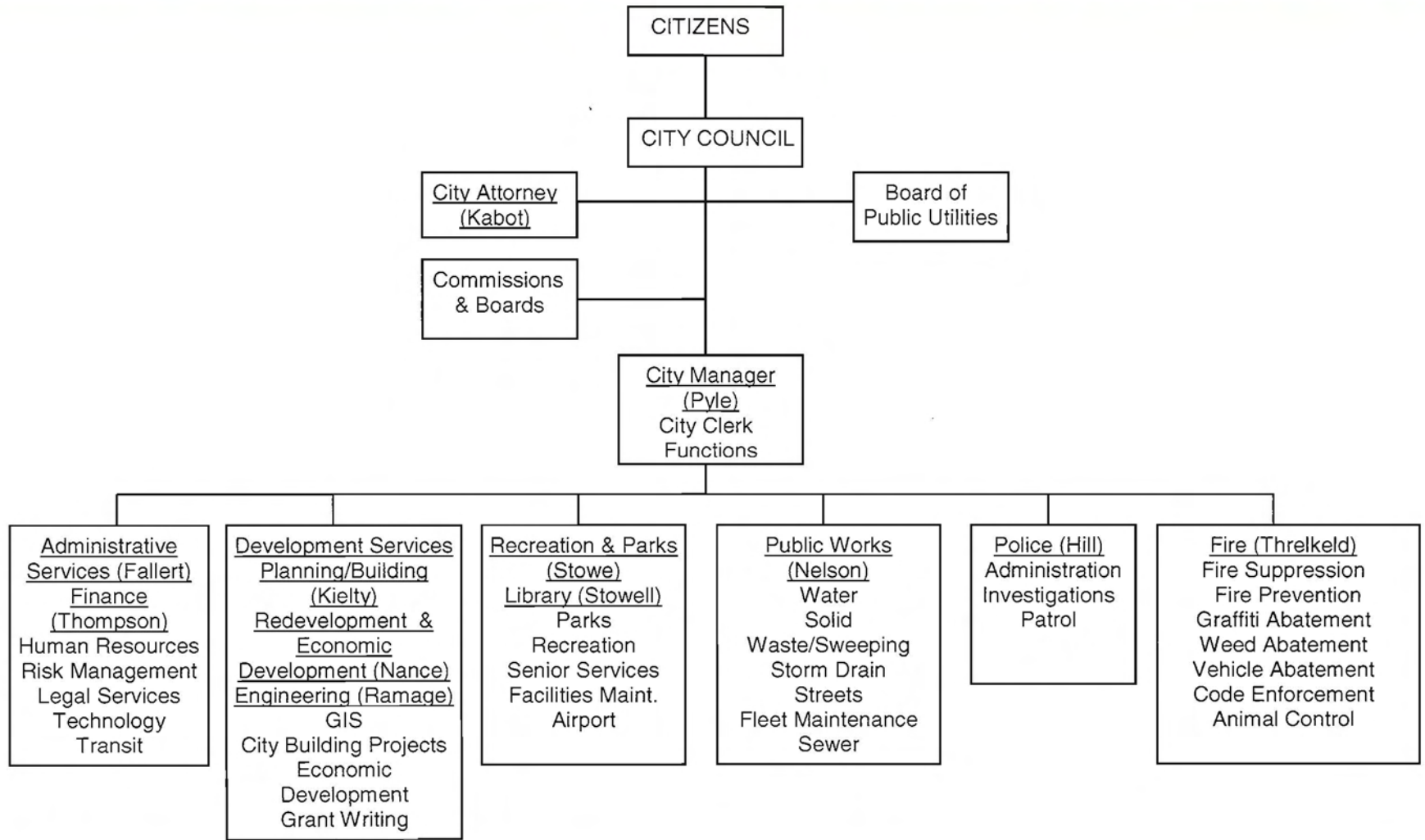
Wayne Hinman	President
Ron Quinn	Vice President
Scot Hillman	Commissioner
Darlene Jensen	Commissioner
Richard Johnson	Commissioner

Administrative Officials and Department Heads

Darrel L. Pyle	City Manager
Margee Fallert	Administrative Services Director
Roger L. Hill	Chief of Police
Mark Kieilty	Planning & Building Director
Bob Nance	Redevelopment & Economic Development Director
Lew Nelson	Public Works Director
Michael C. Stowell	Library Director
Darlene J. Thompson	Finance Director/Treasurer
Michael Threlkeld	Fire Chief
Milton Stowe	Director of Recreation & Parks



Organizational Chart



vii

Note: Underline denotes position is member of top management.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tulare
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

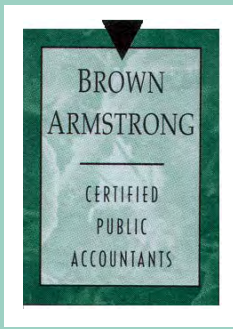
Executive Director

ENGINEERING DEPARTMENT

Financial Section



After several years in the planning, Engineering staff oversaw the reconstruction of J Street.



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INDEPENDENT AUDITORS' REPORT

The Honorable City Council of
the City of Tulare, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Tulare, California (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tulare's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tulare, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *management's discussion and analysis* and *budgetary comparison* information as listed in the accompanying table of contents are not a required part of the City's basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we do not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Tulare, California's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and the statistical tables identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part to the basic financial statements. These financial statements and schedules are also the responsibility of the management of the City of Tulare, California. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
January 27, 2009

Management's Discussion and Analysis

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tulare exceeded its liabilities at the close of the most recent fiscal year by \$296,795,457 (net assets). Of this amount, \$117,018,884 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$38,316,197 over the prior fiscal year. The majority of this increase is attributable to an increase in cash, depreciable and nondepreciable capital assets, advances to component units and bond issuance costs.
- As of the close of the current fiscal year, the City of Tulare's governmental funds reported combined ending fund balances of \$63,966,629, an increase of \$21,087,217 in comparison with the prior year. Approximately 24% of this total amount, \$15,253,298 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$10,431,701, or 17% of total general fund expenditures excluding re-appropriations of past-approved expenses.
- The City of Tulare total debt showed a net increase of \$26,289,706 (17%) during the current fiscal year. The increase in debt was a result of a lease revenue issuance for \$33,050,000 to fund a new library, complete Del Lago Park, Phase II, upgrade Downtown storm drain, sewer extension to a new Industrial Park and preliminary work for railroad grade separation.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Tulare (City) and its component units, using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The City has fully complied with the GASB 34 infrastructure reporting requirements. The current financial statements include all current and historical infrastructure assets for governmental activities constructed or acquired through the 2007-08 fiscal year.

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the GASB statements in regards to inter-fund activity, payables and receivables.

The **Fund Financial Statements** include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the difference created by the integrated approach.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole and about its activities. These statements included all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and sales tax base.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we separate the City activities as follows:

Governmental Activities – most of the City's basic services are reported in this category, including the General Government, Police, Fire, Public Works, Parks, Recreation, Community Development and Library. Property and sales taxes, user fees, interest income, franchise fees, and state and federal shared revenues and grants generally finance these activities.

Business-Type Activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Water Fund, Sewer and Wastewater Fund, Solid Waste and Street Sweeping Fund, Aviation Fund and Transit Fund are reported in this category.

FUND FINANCIAL STATEMENTS

The City, like other state and local governments, uses fund accounting to account for a number of funding sources and activities. In general, fund accounting provides a mechanism for separately accounting for a variety of different funding sources, and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and their purpose: Governmental, Proprietary or Fiduciary Funds. Note that the fund financial statements only present the most significant (or "major") funds. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the Government-Wide Financial Statements. This is designed to explain the difference created by the integrated approach.

Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Fund financial statement.

Proprietary Funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insurance, fleet maintenance and purchasing funds. The internal service funds are reported with governmental activities in the government-wide financial statements.

Fiduciary Funds – The City is the trustee, or fiduciary, for certain funds held on behalf of various third parties. The City's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statement – The notes to the financial statements provided information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain "required supplementary information" concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the general fund and other major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Tulare, assets exceeded liabilities by \$296,795,457 at the close of the most recent fiscal year.

By far the largest portion of the City of Tulare's net asset (56.76%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City of Tulare uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tulare's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current assets (\$115,255,402), approximately 92.79% (\$106,947,438) consists of cash and investments. These funds are invested in accordance with State law and the City's investment policy, and include funds legally and/or contractually restricted as to its use.

**City of Tulare
Statement of Net Assets
As of June 30, 2007 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Assets:						
Current and Other Assets	\$ 89,150,411	\$ 122,141,569	\$ 93,725,086	\$ 57,971,169	\$ 182,875,497	\$ 180,112,738
Capital Assets (Net of Depreciation)	122,032,102	145,879,132	119,346,413	172,012,285	241,378,515	317,891,417
Total Assets	211,182,513	268,020,701	213,071,499	229,983,454	424,254,012	498,004,155
Liabilities:						
Current and Other Liabilities	4,045,936	8,075,876	5,817,053	11,095,860	9,862,989	19,171,736
Long-Term Liabilities	12,549,690	40,527,524	143,362,073	141,509,438	155,911,763	182,036,962
Total Liabilities	16,595,626	48,603,400	149,179,126	152,605,298	165,774,752	201,208,698
Net Assets:						
Invested in Capital Assets, Net of Related Debt	110,129,292	105,902,503	52,468,556	62,545,938	162,597,848	168,448,441
Restricted	-	-	11,328,132	11,328,132	11,328,132	11,328,132
Unrestricted	84,457,595	113,514,798	95,685	3,504,086	84,553,280	117,018,884
Total Net Assets	\$ 194,586,887	\$ 219,417,301	\$ 63,892,373	\$ 77,378,156	\$ 258,479,260	\$ 296,795,457

An additional portion of the City of Tulare's net assets (\$11,328,132) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$117,018,884) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Tulare is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental and business-type activities. The same situation held true for the prior fiscal year. This means the City has sufficient current assets to satisfy both its current and long-term liabilities, fulfill its obligations pursuant to external restrictions imposed on City assets, and still have assets remaining for discretionary spending. In short, the City is in excellent financial condition.

The government's net assets increased by \$38,316,197 compared to the prior fiscal year. This increase is due primarily to additions to infrastructure and construction in progress throughout the City. The construction in progress increase relates to the ongoing work on the wastewater treatment facility and the continuing road improvements throughout the City.

Statement of Activities

As discussed earlier, the Statement of Net Assets provides a measure of the financial health of an entity at a specific date in time (usually year end). The Statement of Activities provides details of how net assets changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2008 than it was at June 30, 2007.

City of Tulare
Statement of Activities
Fiscal Year Ended June 30, 2007 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 7,954,737	\$ 6,098,091	\$ 25,226,080	\$ 33,320,208	\$ 33,180,817	\$ 39,418,299
Operating Grants and Contributions	203,221	153,895	-	-	203,221	153,895
Capital Grants and Contributions	124,714	931,941	1,887,471	7,543,285	2,012,185	8,475,226
General Revenues:						
Taxes	27,365,888	32,896,131	-	-	27,365,888	32,896,131
Investment Earnings	5,644,508	6,504,081	1,706,908	1,076,297	7,351,416	7,580,378
Other Revenue	8,771,127	16,377,206	-	-	8,771,127	16,377,206
TOTAL REVENUES	50,064,195	62,961,345	28,820,459	41,939,790	78,884,654	104,901,135
EXPENSES:						
Governmental Activities:						
General Government	4,405,718	2,855,538	-	-	4,405,718	2,855,538
Intergovernmental	3,895	28,228	-	-	3,895	28,228
Public Safety	15,345,247	17,234,653	-	-	15,345,247	17,234,653
Public Works	2,499,561	2,816,141	-	-	2,499,561	2,816,141
Community Development	5,469,002	7,791,822	-	-	5,469,002	7,791,822
Community Services	3,534,104	4,075,367	-	-	3,534,104	4,075,367
Library and Cultural	3,513,601	3,331,468	-	-	3,513,601	3,331,468
Debt Service	99,986	668,323	-	-	99,986	668,323
Business-Type Activities						
Aviation	-	-	164,682	149,838	164,682	149,838
Transit	-	-	2,291,825	2,373,838	2,291,825	2,373,838
Water	-	-	4,446,988	5,774,160	4,446,988	5,774,160
Solid Waste and Street Sweeping	-	-	6,276,096	6,828,700	6,276,096	6,828,700
Sewer and Wastewater	-	-	10,850,918	12,797,031	10,850,918	12,797,031
TOTAL EXPENSES	34,871,114	38,801,540	24,030,509	27,923,567	58,901,623	66,725,107
Increase in Net Assets Before Transfers	15,193,081	24,159,805	4,789,950	14,016,223	19,983,031	38,176,028
Transfers	403,590	670,609	(289,624)	(530,440)	113,966	140,169
Increase in Net Assets	15,596,671	24,830,414	4,500,326	13,485,783	20,096,997	38,316,197
Net Assets, Beginning of Year	178,990,216	194,586,887	59,392,047	63,892,373	238,382,263	258,479,260
Net Assets, End of Year	<u>\$ 194,586,887</u>	<u>\$ 219,417,301</u>	<u>\$ 63,892,373</u>	<u>\$ 77,378,156</u>	<u>\$ 258,479,260</u>	<u>\$ 296,795,457</u>

Revenue from all activities in fiscal year 2008 increased by 33%. The vast majority of this increase is in capital grants and contribution due to the completion of various housing developments.

Expenses of the City totaled \$66,725,107, an increase of \$7,823,484, which represents a 13% increase from the prior year. The largest individual categories of expense are public safety, representing 26%, and sewer/wastewater, representing 26% of total expense. Community Development showed the largest increase for government activities in expenses over the prior year, with an increase of \$2,322,820. This

increase in cost resulted from various environmental impact studies, general plan updates and master plans. The sewer/wastewater fund showed the largest increase in expenses over the prior year for the business-type activities, with an increase of \$1,946,113. This increase in costs resulted from a full year of interest for the Sewer Bond 2006 Series and chemicals to treat the effluent.

As depicted in Statement of Net Assets, net assets increased during the year. In those funds included within the Governmental Activities category, net assets increased by \$24,830,414, an increase of 13%. Net assets increased in those funds included within the Business-Type Activities category by \$13,485,783, or an increase of 21%.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As previously noted, the City of Tulare uses fund accounting to demonstrate compliance with legal and contractual requirements. This section provides an analysis and discussion of individual funds and fund types presented in the financial statements.

Governmental Funds – The focus of the City of Tulare's governmental funds is on short-term inflows and outflows and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008, the City's governmental funds reported total ending fund balance of \$63,966,629, an increase of \$21,087,217 from the beginning of the year. Approximately 24% of this total amount, \$15,253,298, is available for spending at the government's discretion (unreserved fund balance). The remainder of fund balance is "reserved" to indicate that it is not available for new spending because it has already been committed 1) for repayment from other funds (\$25,285,362) and 2) to pay debt service (\$23,427,969).

The General Fund is the chief operating fund of the City of Tulare. At the end of the fiscal year, unreserved fund balance of the General Fund (consisting of general fund and various capital project funds) was \$10,431,701, while total fund balance reached \$35,717,063. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Total fund balance for the General Fund represents approximately 17% of general fund expenditures.

The fund balance of the City of Tulare General Fund is \$1,960,799 lower than the prior fiscal year. The major factors in General Fund activity that resulted in this decrease are as follows:

- Operating expenses increased in the General Fund by over \$4 million, an increase of 16% from the prior year. The primary cause of this increase is the cost of various environmental impact reports, general plan update and miscellaneous studies. In addition, the increase in salary and benefit costs in public safety departments.
- Debt service increased by over \$5.7 million compared to the prior year. The City refunded the 1997 lease revenue bond through the 2008 lease revenue bond which will save the City around \$200,000.

Other Governmental Funds realized a net decrease in fund balance, including the Capital Improvement Funds. These funds are primarily used to account for capital improvement projects that span more than one year. Therefore, the decrease in fund balance is generally due to the timing of funding, which generally occurs in one year, in relation to the timing of expenditures, which occur over more than one year. Any remaining fund balances are either reserved or earmarked specifically for the continuing cost of the related projects.

Proprietary Funds – The City proprietary funds include the Water, Solid Waste and Sewer/Wastewater Funds, and Aviation and Transit Funds. All of the proprietary funds are highly capital intensive, requiring a significant investment in capital equipment and facilities to conduct operation, whether it be in water and sewer lines, water and wastewater treatment facilities or runways.

The Water fund has total net assets of \$30,437,386 at the end of the fiscal year, an increase of \$3,975,226 over the prior year. Total net assets include \$13,787,492 invested in capital assets, net of related debt, which are not available to cover current expenses. \$6,504,275 of total net assets is restricted for capital improvements (including plant and equipment replacement).

The Solid Waste fund has total negative net assets of \$(1,689,241) at the end of the fiscal year, an increase of \$315,588 over the prior year. Total net assets include \$17,016 invested in capital assets, which are not available to cover current expenses.

The Sewer/Wastewater fund has total net assets of \$43,760,210 at the end of the fiscal year, an increase of \$9,384,745 over the prior year. Total net assets include \$32,942,623 invested in capital assets, which are not available to cover current expenses. \$4,141,650 of total net assets is restricted for capital improvements. Of the remaining net assets of \$6,675,937, \$5,943,054 has been designated as plant and equipment replacement reserve.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City of Tulare’s investment in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$317,891,417 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The total increase in the City’s investment in capital assets for the current fiscal year was \$76,512,902. (Please refer to Note 4 – Capital Assets, page 45)

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. These financial statements include infrastructure assets constructed or acquired through 2007-08 fiscal years.

Major capital asset events during the current fiscal year included the following:

- A variety of street construction projects, rehabilitation and maintenance for \$11,480,000.
- The expansion, various upgrades and a new cogeneration on the wastewater treatment facilities for \$36,391,000.
- The construction of a corporation yard for \$1,750,000.
- The construction of a skate park and Del Lago Park for \$2,775,000.
- A variety of water projects, new wells and completing the installation of water meters to all users for \$3,378,000.

**City of Tulare
Capital Assets
As of June 30, 2007 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land and Construction In Progress	\$ 8,960,927	\$ 19,828,971	\$ 27,038,990	\$ 60,354,943	\$ 35,999,917	\$ 80,183,914
Depreciable Buildings, Property, Equipment and Infrastructure, Net of Depreciation	113,071,175	126,050,161	92,307,423	111,657,342	205,378,598	237,707,503
Total Capital Assets	\$ 122,032,102	\$ 145,879,132	\$ 119,346,413	\$ 172,012,285	\$ 241,378,515	\$ 317,891,417

Long-Term Debt – At the end of the fiscal year, the City of Tulare had a total debt outstanding of \$183,237,324. (Please refer to Note 6 – Long Term Debt, page 47)

**City of Tulare
Outstanding Debt
As of June 30, 2007 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Lease Revenue Bonds	\$ 9,905,000	\$ 38,438,958	\$ -	\$ -	\$ 9,905,000	\$ 38,438,958
Lease Payable	1,687,521	1,537,672	8,834,773	8,628,016	10,522,294	10,165,688
Notes Payable	310,289	-	-	-	310,289	-
Revenue Bonds Payable	-	-	136,451,266	134,632,678	136,451,266	134,632,678
Total Outstanding Debt	\$ 11,902,810	\$ 39,976,630	\$ 145,286,039	\$ 143,260,694	\$ 157,188,849	\$ 183,237,324

With respect to the Governmental Activities, the outstanding \$36,740,000 in lease revenue bonds consisted of two bonds issuance. One was issued in 2002 for \$3,690,000 for street repairs and to remodel or purchase land for the library. The other bond was issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II and preliminary work on railroad grade separation crossings.

Of the \$143,260,694 outstanding debt in the Business-Type Activities, \$134,632,678 relates to the Sewer/Wastewater fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated "Aaa" by Moody's Investors Services and "AAA" by Standard & Poors. A new Sewer Revenue Bond 2006 bond was issued in December 2006 for \$78,900,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflects an increase in appropriation of \$16,390,700 and can be briefly summarized as follow:

- \$9,137,970 in increase for various street and storm drain projects and the acquisition of land
- \$1,110,800 in increase allocated to the Planning department for special studies and EIR
- \$4,621,890 in increase for capital outlay to complete various projects from prior year
- \$1,330,600 in increase allocated to Non Departmental for debt service to Component Unit for acquisition of property

The final amended budget figures were higher than actual expenditures in the General Fund by \$1,548,119 and can be briefly summarized as follow:

- \$1,683,980 difference between actual to final budget in capital outlay was due various street project not completed

This increase was budgeted from available fund balance and additional revenue of \$1,330,360. During the year, expenditures exceeded revenue and required the need to draw upon fund balances.

The capital outlay budget exceeded appropriations by \$2,502,327 due to the City's acceptance of contributed capital from developers on completed housing developments. (See Note 11 – Excess of Expenditures over Appropriations, page 58)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2008–09 were:

- Because of general economic slowdown property tax revenues are projected at a 2% growth in the upcoming year.
- Sales tax revenues are projected with a 1% growth due to new retail base.
- A total increase of 4% in revenue has been budgeted due to one time funding from development impact fees. The City went through a process to combine storm drain development impact fees to one fund instead of breaking out based on areas. This was approved by developers and council.

New items specifically addressed in the budget were:

Public Safety – As the population increases, additional personnel are needed in the police and fire departments. As a result of this need, one additional police position and three additional fire positions have been included in the 2008-09 budget. Funding to be provided from the ½% general sales tax.

Public Works – There's a continuing need to expand and upgrade the wastewater treatment plant for the seven dairy industries in Tulare combined with new state requirements. The 2008-09 budget also includes the completion of the expansion of the industrial treatment plant to meet the demands from the seven dairy industries. Various street widening projects and preliminary study report for railroad grade separation have been budgeted for \$6,000,000 through Gas Tax Fund, Prop 1B, Measure I and Measure R sales tax and General Fund. Reconstruction of the downtown storm drain for \$1,100,000 through bond funding that was issued in February 2008.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information can be sent via e-mail to: dthompson@ci.tulare.ca.us. Formal written requests should be addressed to: City of Tulare, Attn: Finance Department, 411 East Kern Avenue, Tulare, California 93274.

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**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF TULARE
STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Redevelopment Agency
Assets				
Cash and Investments	\$ 26,843,293	\$ 11,884,109	\$ 38,727,402	\$ 1,376,056
Cash and Investments with Fiscal Agent	23,652,940	33,289,090	56,942,030	254,269
Restricted Cash and Investments	-	11,278,006	11,278,006	-
Receivables:				
Accounts	855,971	3,831,306	4,687,277	4,727
Interest	148,970	-	148,970	38,505
Taxes	1,778,596	-	1,778,596	-
Intergovernmental	1,341,725	118,200	1,459,925	698,727
Deposits	-	-	-	150,000
Inventories	233,196	-	233,196	-
Note Receivable	41,875	-	41,875	895,407
Interfund Balances:				
Due from Other Funds	2,115,671	(2,115,671)	-	-
Advances to Other Funds	1,094,493	(1,094,493)	-	-
Advances to Component Units	62,268,555	-	62,268,555	(62,268,555)
Deferred Charges	-	780,622	780,622	-
Deferred Loans Receivable	-	-	-	7,850,211
Land Held for Resale	-	-	-	7,725,552
Nondepreciable Capital Assets	19,828,971	60,354,943	80,183,914	-
Depreciable Capital Assets, Net	126,050,161	111,657,342	237,707,503	-
Bond Issuance Costs, Net of Amortization	1,766,284	-	1,766,284	95,884
Total Assets	\$ 268,020,701	\$ 229,983,454	\$ 498,004,155	\$ (43,179,217)
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 5,546,282	\$ 8,701,125	\$ 14,247,407	\$ 663,177
Accrued Interest Payable	296,766	-	296,766	68,525
Deposits Payable	909,809	288,895	1,198,704	-
Unearned Revenue	16,675	-	16,675	116,296
Long-Term Liabilities:				
Due Within One Year:				
Compensated Absences Payable	140,036	26,736	166,772	2,039
Leases Payable	124,360	215,517	339,877	-
Notes Payable	-	-	-	175,000
Tax Allocation Bonds Payable	-	-	-	195,000
Revenue Bonds Payable	1,041,948	1,863,587	2,905,535	-
Total Due Within One Year	1,306,344	2,105,840	3,412,184	372,039
Due After One Year:				
Compensated Absences Payable	1,717,203	327,847	2,045,050	25,008
Leases Payable	1,413,312	8,412,500	9,825,812	-
Notes Payable	-	-	-	1,875,000
Tax Allocation Bonds Payable	-	-	-	1,530,000
Revenue Bonds Payable	37,397,009	132,769,091	170,166,100	-
Total Due After One Year	40,527,524	141,509,438	182,036,962	3,430,008
Total Liabilities	48,603,400	152,605,298	201,208,698	4,650,045
Net Assets				
Invested in Capital Assets, Net of Related Debt	105,902,503	62,545,938	168,448,441	-
Restricted for Capital Improvements	-	11,328,132	11,328,132	254,269
Unrestricted	113,514,798	3,504,086	117,018,884	(48,083,531)
Total Net Assets	\$ 219,417,301	\$ 77,378,156	\$ 296,795,457	\$ (47,829,262)

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 2,855,538	\$ 307,426	\$ -	\$ -	\$ 307,426
Intergovernmental	28,228	180,370	-	-	180,370
Public Safety	17,234,653	2,079,850	-	-	2,079,850
Public Works	2,816,141	301,977	-	-	301,977
Community Development	7,791,822	2,428,421	-	931,941	3,360,362
Community Services	4,075,367	436,384	153,895	-	590,279
Library and Cultural	3,331,468	363,663	-	-	363,663
Interest on Long-Term Debt	668,323	-	-	-	-
Total Governmental Activities	38,801,540	6,098,091	153,895	931,941	7,183,927
Business-Type Activities:					
Aviation	149,838	103,064	-	208,309	311,373
Transit	2,373,838	1,507,696	-	1,134,086	2,641,782
Water	5,774,160	6,383,693	-	3,005,916	9,389,609
Solid Waste	6,828,700	6,513,112	-	-	6,513,112
Sewer	12,797,031	18,812,643	-	3,194,974	22,007,617
Total Business-Type Activities	27,923,567	33,320,208	-	7,543,285	40,863,493
Total Primary Government	\$ 66,725,107	\$ 39,418,299	\$ 153,895	\$ 8,475,226	\$ 48,047,420
Component Units:					
Redevelopment Agency	\$ 12,055,582	\$ -	\$ -	\$ 1,529,340	\$ 1,529,340

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF TULARE
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit Redevelopment Agency
	Governmental Activities	Business-Type Activities	Total	
Primary Government:				
Governmental Activities				
General Government	\$ (2,548,112)	\$ -	\$ (2,548,112)	\$ -
Intergovernmental	152,142	-	152,142	-
Public Safety	(15,154,803)	-	(15,154,803)	-
Public Works	(2,514,164)	-	(2,514,164)	-
Community Development	(4,431,460)	-	(4,431,460)	-
Community Services	(3,485,088)	-	(3,485,088)	-
Library and Cultural	(2,967,805)	-	(2,967,805)	-
Interest on Long-Term Debt	(668,323)	-	(668,323)	-
Total Governmental Activities	(31,617,613)	-	(31,617,613)	-
Business-Type Activities:				
Aviation	-	161,535	161,535	-
Transit	-	267,944	267,944	-
Water	-	3,615,449	3,615,449	-
Solid Waste	-	(315,588)	(315,588)	-
Sewer	-	9,210,586	9,210,586	-
Total Business-Type Activities	-	12,939,926	12,939,926	-
Total Primary Government	\$ (31,617,613)	\$ 12,939,926	\$ (18,677,687)	\$ -
Component Units:				
Redevelopment Agency	\$ -	\$ -	\$ -	\$ (10,526,242)
General Revenues:				
Sales Tax	\$ 16,163,788	\$ -	\$ 16,163,788	\$ -
Property Tax	4,279,124	-	4,279,124	5,528,913
Utility Tax	5,348,107	-	5,348,107	-
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,580,676	-	4,580,676	-
Motel/Hotel and Franchise Tax	2,524,436	-	2,524,436	-
Grants and Contributions Not Restricted to Specific Programs	1,285,206	-	1,285,206	-
Investment Earnings - Unrestricted	6,504,081	1,076,297	7,580,378	-
Use of Money and Property	-	-	-	4,816,800
Miscellaneous	15,061,945	-	15,061,945	195,920
Gain of Sale of Capital Assets	30,055	-	30,055	-
Transfers	670,609	(530,440)	140,169	(140,169)
Total General Revenues and Transfers	56,448,027	545,857	56,993,884	10,401,464
Change in Net Assets	24,830,414	13,485,783	38,316,197	(124,778)
Net Assets - Beginning of Year, As Restated	194,586,887	63,892,373	258,479,260	(47,704,484)
Net Assets - End of Year	\$ 219,417,301	\$ 77,378,156	\$ 296,795,457	\$ (47,829,262)

The accompanying notes are an integral part of these financial statements.

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**BASIC FINANCIAL
STATEMENTS**

FUND FINANCIAL STATEMENTS

**CITY OF TULARE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Investments	\$ 12,728,409	\$ 1,158,994	\$ 4,601,880	\$ 18,489,283
Cash and Investments with Fiscal Agent	-	22,633,581	-	22,633,581
Receivables				
Accounts	1,431,712	-	1,228	1,432,940
Interest	50,645	83,447	14,878	148,970
Taxes	1,450,165	-	328,431	1,778,596
Intergovernmental	372,596	-	840,986	1,213,582
Due from Other Funds	3,924,495	-	-	3,924,495
Advances to Other Funds	404,693	-	-	404,693
Advances to Component Units	62,268,555	-	-	62,268,555
Total Assets	\$ 82,631,270	\$ 23,876,022	\$ 5,787,403	\$ 112,294,695
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 4,248,581	\$ 448,053	\$ 162,332	\$ 4,858,966
Deposits Payable	909,809	-	-	909,809
Due to Other Funds	1,037,301	-	729,648	1,766,949
Deferred Revenue	40,718,516	-	73,826	40,792,342
Total Liabilities	46,914,207	448,053	965,806	48,328,066
Fund Balances				
Reserved, Reported in:				
General Fund	25,285,362	-	-	25,285,362
Debt Service Funds	-	23,427,969	-	23,427,969
Unreserved, Undesignated Reported in:				
General Fund	10,431,701	-	-	10,431,701
Special Revenue Funds	-	-	5,119,028	5,119,028
Capital Projects Funds	-	-	(297,431)	(297,431)
Total Fund Balances	35,717,063	23,427,969	4,821,597	63,966,629
Total Liabilities and Fund Balances	\$ 82,631,270	\$ 23,876,022	\$ 5,787,403	\$ 112,294,695

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2008**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 63,966,629
 Amounts reported for Governmental Activities in the Statement of Net Assets are difference because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	137,488,048
Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	1,766,284
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	17,996,608
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(296,766)
In governmental funds, future payments for notes receivable are treated as Unearned revenue. In governmental-wide statements, future payments of notes receivable are recorded as offset of notes receivable.	40,775,667
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	
Bonds Payable	(38,438,957)
Advances from Other Funds	(877,874)
Capital Leases Payable	(1,157,649)
Compensated Absences Payable	(1,804,689)
	(1,804,689)
Net Assets of Governmental Activities	\$ 219,417,301

The accompanying notes are an integral part of these financial statements.

CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 28,913,440	\$ -	\$ 3,982,691	\$ 32,896,131
Intergovernmental	31,113	-	146,236	177,349
Licenses and Permits	1,218,021	-	-	1,218,021
Fines and Forfeitures	113,340	-	120,096	233,436
Charges for Services	4,098,683	-	-	4,098,683
Interest and Rentals	1,322,348	350,150	289,713	1,962,211
Grants	639,938	-	1,404,104	2,044,042
Meals	-	-	65,411	65,411
Assessments	63,600	-	307,002	370,602
Other	14,805,184	-	32,724	14,837,908
Total Revenues	51,205,667	350,150	6,347,977	57,903,794
Expenditures				
Current				
General Government	3,798,782	-	-	3,798,782
Intergovernmental	-	1,628,184	-	1,628,184
Public Safety	16,132,297	-	399,706	16,532,003
Public Works	2,606,821	-	-	2,606,821
Community Development	5,733,234	-	294,203	6,027,437
Community Services	3,083,179	-	903,939	3,987,118
Library and Cultural	793,609	-	66,240	859,849
Capital Outlay	28,637,787	-	7,517	28,645,304
Debt Service				
Principal	217,137	6,215,000	-	6,432,137
Interest and Fiscal Charges	232,705	841,196	-	1,073,901
Total Expenditures	61,235,551	8,684,380	1,671,605	71,591,536
Excess (Deficiency) of Revenues Over Expenditures	(10,029,884)	(8,334,230)	4,676,372	(13,687,742)
Other Financing Sources (Uses)				
Proceeds of Long-Term Debt	-	34,758,449	-	34,758,449
Transfers In	18,987,788	1,343,518	525,624	20,856,930
Transfers Out	(10,918,703)	(5,452,461)	(4,469,256)	(20,840,420)
Total Other Financing Sources (Uses)	8,069,085	30,649,506	(3,943,632)	34,774,959
Net Change in Total Fund Balances	(1,960,799)	22,315,276	732,740	21,087,217
Fund Balances - Beginning	37,677,862	1,112,693	4,088,857	42,879,412
Fund Balances - Ending	<u>\$ 35,717,063</u>	<u>\$ 23,427,969</u>	<u>\$ 4,821,597</u>	<u>\$ 63,966,629</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ 21,087,217
 Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	22,978,105
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-wide Statement of Activities.	
This amount represents debt related proceeds	(34,758,449)
This amount represents long-term debt repayments	6,827,369
This amount represents amortization of bond issuance costs	(205,182)
The amount represents bond issuance costs previously expensed	1,599,956
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.	
This amount represents costs of compensated absences	(261,276)
Interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, the interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.	10,347
In governmental funds, interest earned on advances to component units are treated as unearned revenue. In governmental-wide statements, interest earned from advances to component units are recognized as investment earnings.	4,106,082
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	3,446,245
Change in Net Assets of Governmental Activities	\$ 24,830,414

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Assets							
Current Assets							
Cash and Investments	\$ 179,293	\$ 77,667	\$ -	\$ 11,622,132	\$ 5,017	\$ 11,884,109	\$ 8,354,010
Cash and Investments with Fiscal Agent	-	-	-	33,289,090	-	33,289,090	1,019,359
Restricted Cash and Investments	-	5,334,952	-	5,943,054	-	11,278,006	-
Accounts Receivable	142,746	1,077,727	702,126	1,907,087	1,620	3,831,306	143,030
Intergovernmental Receivable	63,225	1,696	35,779	-	17,500	118,200	128,143
Inventories	-	-	-	-	-	-	233,196
Due from Other Funds	-	-	-	-	-	-	218,098
Advances to Other Funds	-	30,200	-	-	-	30,200	877,875
Deferred Charges	-	-	-	780,622	-	780,622	-
Total Current Assets	385,264	6,522,242	737,905	53,541,985	24,137	61,211,533	10,973,711
Noncurrent Assets							
Capital Assets							
Nondepreciable:							
Land	193,261	2,337,255	-	1,544,349	279,215	4,354,080	75,000
Construction in Progress	-	296,215	-	55,430,653	273,995	56,000,863	-
Depreciable:							
Buildings	4,008,585	6,900	-	396,132	161,451	4,573,068	346,636
Improvements Other Than Buildings	-	42,537,970	8,992	93,288,913	2,849,493	138,685,368	618,882
Machinery and Equipment	2,688,950	692,240	87,833	3,613,311	47,830	7,130,164	14,883,085
Accumulated Depreciation	(2,705,179)	(12,764,452)	(89,809)	(21,130,077)	(2,041,741)	(38,731,258)	(7,532,519)
Total Noncurrent Assets	4,185,617	33,106,128	7,016	133,143,281	1,570,243	172,012,285	8,391,084
Total Assets	\$ 4,570,881	\$ 39,628,370	\$ 744,921	\$ 186,685,266	\$ 1,594,380	\$ 233,223,818	\$ 19,364,795

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF TULARE
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current Liabilities							
Accounts Payable and Accrued Liabilities	\$ 146,258	\$ 816,576	\$ 219,202	\$ 7,507,717	\$ 11,372	\$ 8,701,125	\$ 687,316
Deposits Payable	-	140,949	-	147,946	-	288,895	-
Due to Other Funds	-	-	2,115,671	-	-	2,115,671	218,098
Compensated Absences - Current	928	8,347	7,486	9,912	62	26,735	3,963
Advances from Other Funds - Current	90,000	-	-	-	404,693	494,693	14,590
Leases Payable - Current	-	202,896	-	12,621	-	215,517	99,445
Revenue Bonds Payable - Current	-	-	-	1,863,587	-	1,863,587	-
Total Current Liabilities	237,186	1,168,768	2,342,359	9,541,783	416,127	13,706,223	1,023,412
Noncurrent Liabilities							
Advances from Other Funds	630,000	-	-	-	-	630,000	15,610
Compensated Absences Payable	11,385	102,353	91,803	121,545	762	327,848	48,587
Leases Payable	-	7,919,863	-	492,637	-	8,412,500	280,578
Revenue Bonds Payable	-	-	-	132,769,091	-	132,769,091	-
Total Noncurrent Liabilities	641,385	8,022,216	91,803	133,383,273	762	142,139,439	344,775
Total Liabilities	878,571	9,190,984	2,434,162	142,925,056	416,889	155,845,662	1,368,187
Net Assets							
Invested in Capital Assets, Net of Related Debt	4,185,617	24,983,369	7,016	32,942,623	1,570,243	63,688,868	8,011,061
Restricted for Capital Improvements	313,441	6,504,275	-	4,141,650	368,766	11,328,132	75,000
Unrestricted	(806,748)	(1,050,258)	(1,696,257)	6,675,937	(761,518)	2,361,156	9,910,547
Total Net Assets	\$ 3,692,310	\$ 30,437,386	\$ (1,689,241)	\$ 43,760,210	\$ 1,177,491	\$ 77,378,156	\$ 17,996,608

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Transit	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Operating Revenues							
Charges for Services	\$ 1,340,432	\$ 6,092,873	\$ 6,479,167	\$ 14,397,771	\$ 103,003	\$ 28,413,246	\$ 9,659,727
Connection Fees	-	162,792	-	148,196	-	310,988	-
Employee Contributions	-	-	-	-	-	-	1,053,708
Other	167,264	128,028	33,945	4,266,676	61	4,595,974	-
Total Operating Revenues	1,507,696	6,383,693	6,513,112	18,812,643	103,064	33,320,208	10,713,435
Operating Expenses							
General Administration	-	-	-	-	-	-	20,338
Personal Services	78,927	1,146,834	1,788,337	1,474,236	17,701	4,506,035	828,933
Contractual Services	-	-	-	-	-	-	221,893
Maintenance and Supplies	2,001,144	3,699,092	5,038,194	7,107,330	48,296	17,894,056	-
Equipment Usage and Operation	-	-	-	-	-	-	2,355,171
Insurance	-	-	-	-	-	-	4,195,954
Depreciation	293,767	928,234	2,169	1,738,605	81,649	3,044,424	1,250,468
Total Operating Expenses	2,373,838	5,774,160	6,828,700	10,320,171	147,646	25,444,515	8,872,757
Operating Income (Loss)	(866,142)	609,533	(315,588)	8,492,472	(44,582)	7,875,693	1,840,678
Nonoperating Revenues							
Interest Income	11,921	359,777	-	704,599	-	1,076,297	435,788
Interest Expense	-	-	-	(2,476,860)	(2,192)	(2,479,052)	-
Grants	1,134,086	-	-	-	208,309	1,342,395	327,000
Gain on Sale of Assets	-	-	-	-	-	-	30,055
Other Income	-	-	-	-	-	-	158,625
Total Nonoperating Revenues	1,146,007	359,777	-	(1,772,261)	206,117	(60,360)	951,468
Income (Loss) Before Contributions and Transfers	279,865	969,310	(315,588)	6,720,211	161,535	7,815,333	2,792,146
Capital Contributions	-	3,005,916	-	3,194,974	-	6,200,890	-
Transfers In	-	-	-	-	-	-	654,099
Transfers Out	-	-	-	(530,440)	-	(530,440)	-
Change in Net Assets	279,865	3,975,226	(315,588)	9,384,745	161,535	13,485,783	3,446,245
Net Assets, Beginning	3,412,445	26,462,160	(1,373,653)	34,375,465	1,015,956	63,892,373	14,550,363
Net Assets, Ending	\$ 3,692,310	\$ 30,437,386	\$ (1,689,241)	\$ 43,760,210	\$ 1,177,491	\$ 77,378,156	\$ 17,996,608

The accompanying notes are an integral part of these financial statements.

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**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Cash Received from Customers/Current Services	\$ 1,656,103	\$ 5,926,873	\$ 6,182,563	\$ 18,357,734	\$ 103,237	\$ 32,226,510	\$ 11,025,719
Cash Paid for Salaries and Benefits	(79,097)	(1,227,867)	(1,785,024)	(1,457,502)	(18,211)	(4,567,701)	(835,313)
Cash Paid for Services and Supplies	(2,139,174)	(2,739,823)	(5,033,827)	(2,243,789)	(60,394)	(12,217,007)	(6,619,962)
Net Cash Provided by (Used for) Operating Activities	(562,168)	1,959,183	(636,288)	14,656,443	24,632	15,441,802	3,570,444
Cash Flows from Non-Capital Financing Activities:							
Grants	1,134,086	-	-	-	208,309	1,342,395	327,000
Advances From Other funds	(90,000)	-	-	505,258	373,464	788,722	-
Due to Other Funds	(396,403)	-	636,288	-	(121,503)	118,382	-
Transfers From Other Funds	-	-	-	-	-	-	654,099
Transfers To Other Funds	-	-	-	(530,440)	-	(530,440)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	647,683	-	636,288	(25,182)	460,270	1,719,059	981,099
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Assets	78,459	-	-	-	-	78,459	30,055
Capital Contribution	-	3,005,916	-	3,194,973	-	6,200,889	-
Principal and Interest Paid on Leases Payable	-	-	-	-	-	-	(92,562)
Principal and Interest Paid on Notes Payable	-	(100,189)	-	-	(1,430)	(101,619)	-
Principal and Interest Paid on Revenue Bonds	-	-	-	(4,804,921)	-	(4,804,921)	-
(Acquisition) of Capital Assets	-	(11,921,568)	-	(43,386,707)	(480,479)	(55,788,754)	(2,119,392)
Net Cash Provided by (Used for) Capital and Related Financing Activities	78,459	(9,015,841)	-	(44,996,655)	(481,909)	(54,415,946)	(2,181,899)
Cash Flows from Investing Activities:							
Interest Income	11,921	359,777	-	704,598	-	1,076,296	435,788
Net Increase (Decrease) in Cash and Cash Equivalents	175,895	(6,696,881)	-	(29,660,796)	2,993	(36,178,789)	2,805,432
Cash and Cash Equivalents, July 1	3,398	12,109,500	-	80,515,072	2,024	92,629,994	6,567,937
Cash and Cash Equivalents, June 30	\$ 179,293	\$ 5,412,619	\$ -	\$ 50,854,276	\$ 5,017	\$ 56,451,205	\$ 9,373,369

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF TULARE
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ (866,142)	\$ 609,532	\$ (315,588)	\$ 8,492,475	\$ (44,582)	\$ 7,875,695	\$ 1,840,678
Other Income	-	-	-	-	-	-	158,625
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	293,767	928,234	2,169	1,738,605	81,649	3,044,424	1,250,468
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	(61,287)	(455,123)	(294,772)	(454,912)	173	(1,265,921)	(80,409)
(Increase) Decrease in Inventory	-	-	-	-	(17,500)	(17,500)	64,810
(Increase) Decrease in Intergovernmental Receivable	209,694	(1,696)	(35,779)	-	-	172,219	-
(Increase) Decrease in Advance to Other Fund	-	13,627	-	-	-	13,627	159,849
(Increase) Decrease in Due from Other Fund	-	-	-	-	-	-	74,219
(Increase) Decrease in Deferred Charges	-	239,225	-	31,632	-	270,857	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(138,030)	706,417	4,369	4,916,735	5,402	5,494,893	176,092
Increase (Decrease) in Deposits Payable	-	-	-	(84,826)	-	(84,826)	-
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	-	(74,219)
Increase (Decrease) in Advance from Other Funds	-	-	-	-	-	-	(13,627)
Increase (Decrease) in Compensated Absences Payable	(170)	(81,033)	3,313	16,734	(510)	(61,666)	13,958
Net Cash Provided by (Used for) Operating Activities	<u>\$ (562,168)</u>	<u>\$ 1,959,183</u>	<u>\$ (636,288)</u>	<u>\$ 14,656,443</u>	<u>\$ 24,632</u>	<u>\$ 15,441,802</u>	<u>\$ 3,570,444</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:							
Cash and Investments	\$ 179,293	\$ 77,667	\$ -	\$ 11,622,132	\$ 5,017	\$ 11,884,109	\$ 8,354,100
Restricted Cash and Investments	-	5,334,952	-	5,943,054	-	11,278,006	-
Cash and Investments with Fiscal Agents	-	-	-	33,289,090	-	33,289,090	1,019,269
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 179,293</u>	<u>\$ 5,412,619</u>	<u>\$ -</u>	<u>\$ 50,854,276</u>	<u>\$ 5,017</u>	<u>\$ 56,451,205</u>	<u>\$ 9,373,369</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 9,822	\$ 6,914,550
Due from Other Governments	-	505,406
Accounts Receivable	70	104,323
Prepaid Expense	-	25,749
	<hr/>	<hr/>
Total Assets	<u>\$ 9,892</u>	<u>\$ 7,550,028</u>
Liabilities and Fund Balances		
Accounts Payable and Accrued Liabilities	\$ -	\$ 442,743
Due to Other Funds	-	41,875
Deposits Payable	-	7,065,410
	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>7,550,028</u>
	<hr/>	<hr/>
Net Assets	<u>\$ 9,892</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TULARE
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Private Purpose Trust Fund
Revenues	
Interest and Rentals	\$ 467
Expenditures	
Books and Magazines	23
Changes in Net Assets	444
Net Assets, July 1	9,448
Net Assets, June 30	\$ 9,892

The accompanying notes are an integral part of these financial statements.

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Tulare (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2008, and for the year then ended.

A. Description of the Reporting Entity

The City of Tulare was incorporated as a General Law city on April 5, 1888, and became a Charter city on May 1, 1923, under the charter laws of the State of California. The City operates under a Council-Administrator form of government and provides the following services: Public safety (police and fire), community development, community services, public works, library and cultural, general administrative services, and capital improvements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Tulare (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. However, elected officials of the City of Tulare have a continuing accountability for fiscal matters of the other entities. The financial reporting entity consists of: (1) the City (2) organizations for which the City is financially accountable and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component unit balances and transactions are reported in a manner similar to the balances and transactions of the City. A component unit is presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City, otherwise the component unit is presented discretely.

Blended Component Unit:

The Tulare Public Financing Authority (Authority) is a joint exercise of powers authority duly organized and existing under a Joint Exercise of Powers Agreement dated as of August 15, 1997, by and between the City and the Tulare Redevelopment Agency. The Authority was formed to assist the City in the financing and refinancing of public capital improvements. The Authority is governed by a five-member board whose members are the same as the City Council. The Authority's financial data and transactions are included in the Debt Service Funds and Capital Projects Funds of the City.

Discretely Presented Component Unit:

The Tulare Redevelopment Agency (Agency) was established pursuant to the State of California Health and Safety Codes, Section 33000 entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The City's Council members appoint the Agency's directors, designate management, and have full accountability for the Agency's fiscal matters. The City is financially accountable for the Agency because the City's Council approves the Agency's budget, levies taxes (if necessary), and must approve any debt issuance. The Agency's financial data and transactions are presented as a governmental fund type.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Reporting Entity (Continued)

Complete financial statements for the Tulare Redevelopment Agency can be obtained from the City of Tulare Finance Department, 411 East Kern Avenue; Tulare, CA 93274. Separate financial statements are not prepared for the Tulare Public Financing Authority.

B. Basis of Presentation

Government-wide Financial Statements

The Government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting on internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs are included as part of the program expense reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and 3) interfund services provided and used. Interfund services provided and used are not eliminated in the process of consolidation. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements

The governmental fund financial statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the principle operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. For the City, the general fund includes basic governmental activities such as general government, public safety, public works and community services.

Financing Authority Fund – The Financing Authority Fund accounts for the annual debt service on the 2008 Lease Revenue Bonds. Lease revenues are derived from lease payments made by the City's General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major enterprise funds:

Water Fund – The Water Fund is used to account for the financial activities of water utility of the City.

Sewer Fund – The Sewer Fund is used to account for financial activities of sewage collection and wastewater treatment utility of the City.

Solid Waste Fund – The Solid Waste Fund is used to account for the financial activities of the collection of solid waste and disposal utility of the City.

Transit Fund – The Transit Fund accounts for the financial activity of the City's transit system which offers fixed route and dial-a-ride transportation services.

Aviation Fund – The Aviation Fund accounts for the financial activity of the City's municipal airport.

The City reports the following additional fund types:

Special Revenue Funds – Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of the City other than debt service payments made by proprietary funds.

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Internal Service Funds – Internal Service funds are used to account for fleet management, insurance and purchase services provided by one department or agency of the City to another on a cost-reimbursement basis.

Private Purpose Trust Fund – Private Purpose Trust Fund is used to account for revenue and expenditures of the Zumwalt Trust.

Agency Funds – Agency funds are used to account for assets held by the City as an agent for youth service bureau and development impact fees collected for construction companies and contractors.

C. Basis of Accounting

The government-wide, proprietary fund financial statements, and private-purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied. Unbilled water utility receivables are not recorded at year end. However, the amount of unbilled receivables is not material to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its government-wide activities and enterprise funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items

Cash and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents.

Investments

Investments are stated at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale).

Further cash and investment disclosures are presented in Note 2.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (Continued)

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government wide financial statement as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include intergovernmental and taxes receivable. Business-type activities report trade and intergovernmental as their major receivables.

Inventory

Inventories of materials and supplies in the Proprietary and Internal Services Funds are valued at the lower of cost or market, carried on a first-in, first-out (FIFO) basis. The City follows the consumption method of accounting for inventories.

Land Held for Resale

Land held for resale is recorded at the lower of cost or estimated realizable value. Fund balances are reserved in amounts equal to the carrying value of the land held for resale because such assets are not available to finance the City's current operations.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

The City's capitalization threshold is \$5,000. In other words, capital assets are capitalized only if they have a cost in excess of \$5,000 and have an expected useful life of three years or more. Capital assets that have a cost below \$5,000 are expensed during the fiscal year they are acquired.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (Continued)

Capital Assets (Continued)

Government-Wide Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	20 to 50 years
Buildings	20 to 50 years
Improvements other than buildings	20 to 50 years
Machinery and equipment	5 to 20 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits and compensatory time. All vacation, sick and compensatory pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For additional information regarding compensated absences, see Note 6.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Net Assets/Fund Equity

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balances that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Reserved fund balances for June 30, 2008 are as follows:

	General Fund	Financing Authority Fund
	<u> </u>	<u> </u>
Advance to Other Funds and Component Units	\$ 25,285,362	\$ -
Debt Service	<u>-</u>	<u>23,427,969</u>
Total	<u><u>\$ 25,285,362</u></u>	<u><u>\$ 23,427,969</u></u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (Continued)

Property Taxes

In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt. In the fund financial statements, property tax is recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

The property tax calendar for the City and the Discretely Presented Component Unit is as follows:

Lien date	January 1
Levy dates	July 1 through June 30
Due dates	November 1 – 1 st installment February 1 – 2 nd installment
Collection dates	December 10 – 1 st installment April 10 – 2 nd installment

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The procedures established by the City Council in adopting the budgetary data reflected in the financial statements are as follows:

On or before the second meeting in May, the City Manager submits to the City Council a proposed operating and capital projects budget for the fiscal year commencing the following July 1st. Following publication and public hearings, the budget is legally enacted by resolution.

The City Manager is authorized to transfer funds appropriated with respect to all classifications within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to existing capital outlay and capital projects classifications within the same department only; however, any revisions that alter the total expenditures of any department or create additional projects must be approved by the City Council.

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2008. All unencumbered appropriations lapse at year end.

For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are considered a single department. Revenues are budgeted on a line item basis. A comparison of budgeted and actual revenues by line item would be too voluminous for this report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Budgets for the General, Special Revenue, and Debt Service Funds are presented on a basis consistent with accounting principles generally accepted in the United States of America. Budgets for Capital Projects Funds are not presented because they are budgeted on a project basis rather than on an annual basis. No budgets are adopted for the Proprietary and Fiduciary Fund types.

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2008 the City Council approved \$17,679,550 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Equity

The Solid Waste Enterprise Fund had a deficit fund balance of \$1,689,241. The deficit is expected to be eliminated in future years through increase in charges for services and cost reductions. Library expansion capital project fund had a deficit fund balance of \$382,526. The deficit is expected to be eliminated in future years through revenues or transfers from other funds. Purchasing Internal Service Fund had a deficit fund balance of \$67,397. The deficit is expected to be eliminated in future years through departmental charges. Auto Theft Deterrence Special Revenue Fund had a deficit fund balance of \$5,173. The deficit is expected to be eliminated in future years through additional grants revenue anticipated from the state.

F. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of differences between governmental fund operating statements and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$22,978,105 difference are as follows:

Capital Outlay	\$ 28,849,652
Depreciation Expense	<u>(5,871,547)</u>
Difference	<u>\$ 22,978,105</u>

G. Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated.

Certain reclassifications have been made to the prior year financial statements to be in conformity with fiscal year 2008 presentation.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Primary Government	
Cash and Investments	\$ 38,727,402
Cash and Investments with Fiscal Agent	56,942,030
Restricted Cash and Investments	11,278,006
Component Unit:	
Cash and Investments	1,376,056
Cash and Investments with Fiscal Agent	254,269
Fiduciary Funds:	
Cash and Investments	<u>6,924,372</u>
Total Cash and Investments	<u><u>\$ 115,502,135</u></u>

Deposits and investments as of June 30, 2008 consist of the following:

Deposits:	
Cash on Hand	\$ 7,445
Cash with Financial Institutions	943,905
Investments	51,411,522
Cash and Investment with Fiscal Agents	<u>63,139,263</u>
Total Cash and Investments	<u><u>\$ 115,502,135</u></u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the **investment types** that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Time Certificates of Deposit	N/A	30%	N/A
Local Agency Investment Funds (LAIF)	N/A	\$20 million	N/A
Banker's Acceptances	270 days	40%	30%
Treasury Bonds and Notes	10 years	N/A	N/A
Treasury Bills (T-Bills)	1 year	N/A	N/A
Federally Sponsored Agency Securities	N/A	N/A	N/A
Repurchase Agreements	90 days	N/A	N/A
Medium Term Notes/Corporate Bonds	5 years	30%	N/A
Mutual Funds	N/A	15%	N/A
Commercial Paper	N/A	25%	N/A
Zero Coupon Bonds	N/A	N/A	N/A
Passbook Savings Account Demand Deposits	N/A	N/A	N/A

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the **investment types** that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreement that address **interest rate risk, credit risk, and concentration of credit risk.**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value will be to changes in market interest rates. All the City's investments, as shown below, are not adversely affected by changes in interest rates.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 36,382,882	2.4
Certificates of Deposit	105,049	1.0
Local Agency Investment Fund (LAIF)	14,925,000	N/A
Held by Bond Trustee:		
Money Market Funds	28,819,076	0.2
Investment Contracts	33,296,809	1.5
Held by Insurance Administrator		
Pooled Investments	<u>1,021,969</u>	N/A
Total	<u>\$ 114,550,785</u>	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

None of the City's investments (including investments held by bond trustees) are highly sensitive to interest rate fluctuations.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Not Required To Be Rated	Rating as of Year End	
				AAA	Unrated
Federal Agency Securities	\$ 36,382,882	N/A	\$ -	\$ 36,382,882	\$ -
Certificates of Deposit	105,049	N/A	-	-	105,049
Local Agency Investment Fund (LAIF)	14,925,000	Collateralized	-	-	14,925,000
Held by Bond Trustee:					
Money Market Funds	28,819,076	A	28,819,076	-	-
Investment Contracts	33,296,809	N/A	33,296,809	-	-
Held by Insurance Administrator					
Pooled Investments	1,021,969	N/A	-	-	1,021,969
Total	<u>\$ 114,550,785</u>		<u>\$ 62,115,885</u>	<u>\$ 36,382,882</u>	<u>\$ 16,052,018</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan	Federal Agency Securities	\$ 18,121,526
Federal Farm Credit Banks	Federal Agency Securities	17,533,440

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 2 – CASH AND INVESTMENTS (Continued)

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: At June 30, 2008, \$2,395,590 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2008, \$114,445,736 was collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – NOTES RECEIVABLE

Note receivable for the component unit consists of:

Secured notes receivable from the Salvation Army, Tulare residence, Inc., a third party, dated March 18, 2005, bearing no interest, due on March 18, 2055, for developing and managing sixty units of affordable senior housing project	\$ 221,407
Secured note receivable from Western Pacific Meat Packing, LLC, a third party, dated November 7, 2006, bearing no interest and due November 6, 2016, for acquiring certain real property and development of a beef harvesting facility in Tulare, California.	375,000
Secured note receivable from Tulare Family Housing Partners, L.P., a third party, dated October 23, 2007, bearing simple interest at the rate of three percent (3%) per annum, for construction of a multi-family tax credit low-income apartment complex project.	<u>299,000</u>
Total	<u><u>\$ 895,407</u></u>

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2008 were as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 3,373,206	\$ 5,300,318	\$ -	\$ 8,673,524
Construction in Progress	5,587,721	5,644,908	(77,182)	11,155,447
Subtotal	8,960,927	10,945,226	(77,182)	19,828,971
Depreciable Capital Assets:				
Infrastructure	156,879,545	16,870,121	-	173,749,666
Structures and Improvements	22,292,610	894,253	-	23,186,863
Equipment	17,603,956	2,426,363	(583,377)	19,446,942
Subtotal	196,776,111	20,190,737	(583,377)	216,383,471
Accumulated Depreciation:				
Infrastructure	(67,013,464)	(4,909,278)	299,184	(71,623,558)
Structures and Improvements	(6,815,222)	(1,057,467)	-	(7,872,689)
Equipment	(9,876,250)	(1,483,189)	522,376	(10,837,063)
Subtotal	(83,704,936)	(7,449,934)	821,560	(90,333,310)
Net Capital Assets	<u>\$ 122,032,102</u>	<u>\$ 23,686,029</u>	<u>\$ 161,001</u>	<u>\$ 145,879,132</u>
	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Business Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 1,896,801	\$ 2,457,279	\$ -	\$ 4,354,080
Construction in Progress	25,142,189	36,950,536	(6,091,862)	56,000,863
Subtotal	27,038,990	39,407,815	(6,091,862)	60,354,943
Depreciable Capital Assets:				
Buildings	4,570,182	2,886	-	4,573,068
Improvements Other Than Buildings	116,534,891	22,150,477	-	138,685,368
Equipment	7,392,566	326,239	(588,641)	7,130,164
Subtotal	128,497,639	22,479,602	(588,641)	150,388,600
Accumulated Depreciation:				
Buildings	(641,141)	(112,421)	-	(753,562)
Improvements Other Than Buildings	(29,167,527)	(2,601,270)	-	(31,768,797)
Equipment	(6,381,548)	(396,935)	569,584	(6,208,899)
Subtotal	(36,190,216)	(3,110,626)	569,584	(38,731,258)
Net Capital Assets	<u>\$ 119,346,413</u>	<u>\$ 58,776,791</u>	<u>\$ (6,110,919)</u>	<u>\$ 172,012,285</u>

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ending June 30, 2008 was charged to the following activities:

Governmental Activities:	
General Government	\$ 768,551
Public Safety	848,881
Public Works	252,882
Community Development	2,487,008
Community Services	106,615
Library and Cultural	<u>2,985,997</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,449,934</u>
Business Activities:	
Aviation	\$ 81,649
Transit	359,967
Water	928,234
Solid Waste	2,169
Sewer	<u>1,738,607</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 3,110,626</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2008 for the major funds, nonmajor funds and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 4,248,581
Financing Authority Fund	448,053
Nonmajor Governmental Funds	162,332
Internal Service Funds	<u>687,316</u>
Total Governmental Activities	<u>\$ 5,546,282</u>
Business-Type Activities:	
Transit	\$ 146,258
Water	816,576
Solid Waste	219,202
Sewer	7,507,717
Aviation	<u>11,372</u>
Total Business-Type Activities	<u>\$ 8,701,125</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2008:

Type of Debt	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds	\$ 9,905,000	\$ 33,050,000	\$ 6,215,000	\$ 36,740,000	\$ 985,000
Bond Premium	-	1,708,449	9,491	1,698,958	56,948
Leases Payable	1,687,521	-	149,849	1,537,672	124,360
Note Payable	310,289	-	310,289	-	-
Compensated Absences Payable	1,657,457	327,784	128,002	1,857,239	140,036
Total Governmental Activities	\$ 13,560,267	\$ 35,086,233	\$ 6,812,631	\$ 41,833,869	\$ 1,306,344
Business-Type Activities:					
Revenue Bonds Payable	\$ 136,451,266	\$ -	\$ 1,818,588	\$ 134,632,678	\$ 1,863,587
Leases Payable	8,834,773	-	206,757	8,628,016	215,517
Compensated Absences Payable	313,134	41,619	170	354,583	26,736
Total Business-Type Activities	\$ 145,599,173	\$ 41,619	\$ 2,025,515	\$ 143,615,277	\$ 2,105,840
Primary Government:					
Revenue Bonds Payable	\$ 146,356,266	\$ 33,050,000	\$ 8,033,588	\$ 171,372,678	\$ 2,848,587
Bond Premium	-	1,708,449	9,491	1,698,958	56,948
Leases Payable	10,522,294	-	356,606	10,165,688	339,877
Note Payable	310,289	-	310,289	-	-
Compensated Absences Payable	1,970,591	369,403	128,172	2,211,822	166,772
Total Primary Government:	\$ 159,159,440	\$ 35,127,852	\$ 8,838,146	\$ 185,449,146	\$ 3,412,184
Discretely Presented Component Unit:					
Tax Allocation Bonds	\$ 1,910,000	\$ -	\$ 185,000	\$ 1,725,000	\$ 195,000
Notes Payable	2,050,000	-	-	2,050,000	175,000
Compensated Absences Payable	20,658	87,696	81,307	27,047	2,039
Total Discretely Presented Component Unit:	\$ 3,980,658	\$ 87,696	\$ 266,307	\$ 3,802,047	\$ 372,039

The compensated absences for governmental activities will be paid by the General Fund. The compensated absences for business-type activities will be paid by the respective proprietary funds. The compensated absences for discretely presented component unit will be paid by the respective Tulare Redevelopment Agency Funds.

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities -

Lease Revenue Bonds (City of Tulare Public Financing Authority):

On September 5, 2002, the Authority issued \$6,020,000 in Lease Revenue Bonds. The bonds are payable in amounts ranging from \$380,000 to \$880,000 per year on October 1, each year, commencing October 1, 2003 through October 1, 2013 and bear an interest at rates ranging from 2.00% to 3.30% depending upon the date of maturity.

\$ 3,690,000

On February 1, 2008, the Authority issued \$33,050,000 in Lease Revenue and Refunding Bonds. The bonds are payable in amounts ranging from \$375,000 to \$1,775,000 per year on April 1, each year, commencing April 1, 2009 through April 1, 2038 and bear an interest at rates ranging from 4.00% to 4.50% depending upon the date of maturity. At June 30, 2008, the outstanding balance, including the related bond premium, was:

\$ 34,748,958

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave and compensatory time) in accordance with GASB Code Sec. C60.

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's intention to liquidate any unpaid compensated absences at June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the government-wide statement of net assets.

\$ 1,857,239

Lease Payable:

Obligation of \$310,558 on a capital lease for a street grinder: Interest at 3.74% per annum and five annual payments of \$66,755.

\$ 126,376

Obligation of \$416,702 on a capital lease for various energy retrofit capital expenditures: Interest at 5.38% and semi-annual payments of \$27,212 for ten years.

\$ 77,434

Obligation of \$1,345,009 on a capital lease for various energy retrofit capital expenditures: Interest at 4.49% per annum and semi-annual payments range from \$36,417 to \$540,316 until July 2022.

\$ 1,333,862

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize the lease payable outstanding, including interest of \$569,890 are as follows:

Year Ending June 30,	Street Grinder	Energy Retrofit Project	Citi Capital Muni	Totals
2009	\$ 66,755	\$ 54,425	\$ 83,384	\$ 204,564
2010	66,755	27,212	82,486	176,453
2011	-	-	69,682	69,682
2012	-	-	103,281	103,281
2013	-	-	147,960	147,960
2014-2018	-	-	739,801	739,801
2019-2023	-	-	665,821	665,821
	133,510	81,637	1,892,415	2,107,562
Less Interest	7,134	4,203	558,553	569,890
Total	<u>\$ 126,376</u>	<u>\$ 77,434</u>	<u>\$ 1,333,862</u>	<u>\$ 1,537,672</u>

Business-Type Activities -

Lease Payable:

In December 1999, the City entered into a lease agreement to obtain an obligation of \$1,181,047 on a capital lease for various energy retrofit capital expenditures. The ten-year lease bears an interest rate at 5.38% and has semi-annual payments of \$77,127 due on May 17 and November 17 of each year. At June 30, 2008, the outstanding balance was \$219,469.

In September 2006, the City entered into a lease agreement to obtain an obligation of \$8,448,136 on a capital lease for various energy retrofit capital expenditures. The sixteen-year lease bears an interest rate at 4.49% and has semi-annual payments in the range of \$36,417 and \$540,316 each year. At June 30, 2008, the outstanding balance was \$8,408,547.

The annual requirements to amortize the lease payable outstanding, including interest of \$3,532,266 are as follows:

Year Ending June 30,	Energy Retrofit Project	Citi Capital Muni	Totals
2009	\$ 154,254	\$ 525,613	\$ 679,867
2010	77,127	519,953	597,080
2011	-	439,241	439,241
2012	-	651,038	651,038
2013	-	932,672	932,672
2014-2018	-	4,663,360	4,663,360
2019-2023	-	4,197,024	4,197,024
	231,381	11,928,901	12,160,282
Less Interest	11,912	3,520,354	3,532,266
Total	<u>\$ 219,469</u>	<u>\$ 8,408,547</u>	<u>\$ 8,628,016</u>

NOTE 6 – LONG-TERM DEBT (Continued)

2003 Sewer Revenue Bonds:

On December 18, 2003, the City Issued \$42,700,000 in Sewer Revenue Bonds. Serial bonds totaling \$32,035,000 are payable in amounts ranging from \$825,000 to \$2,085,000 per year on November 15, each year, commencing November 15, 2004 through November 15, 2024 and bear interest rates from 1.0% to 4.6%. Term bonds totaling \$4,145,000 are due November 15, 2028 at an interest rate of 4.75%. Another term bonds totaling \$6,520,000 are due November 15, 2033 at an interest rate of 4.875%. At June 30, 2008, the outstanding balance was \$37,240,000. (Also see Note 6 for current year refunding.)

On September 1, 2001, the City issued \$20,000,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$320,000 to \$1,260,000 per year on November 15, each year, commencing November 15, 2002 through November 15, 2031 and bear interest rates from 4.375% to 4.750%. At June 30, 2008, the outstanding balance was \$17,870,000.

2006 Sewer Revenue Bonds:

On December 7, 2006, the City issued \$78,900,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$0 to \$5,300,000 per year on November 15, each year, commencing 2008 through 2042 and bear interest rates from 3.33% to 4.39%. At June 30, 2008, the outstanding balance, including the related bond premium, was \$79,522,678.

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with GASB Code Sec. C60. At June 30, 2008, the compensated absences payable totaled \$354,583 for business-type activities.

Discretely Presented Component Unit -

Compensated Absences:

The Tulare Redevelopment Agency accounts for compensated absences (unpaid, vacation, sick leave and compensatory time) in accordance with GASB Code Sec. C60. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the Tulare Redevelopment Agency's intention to liquidate any unpaid compensated absences at June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the Statement of Net Assets.

\$ 2,039

NOTE 6 – LONG-TERM DEBT (Continued)

Tax Allocation Bonds:

On July 1, 1997, the Tulare Redevelopment Agency participated with the Associations of Bay Area Governments in issuing \$3,255,000 in Tax Allocation Bonds. Serial bonds totaling \$2,615,000 are payable in amounts ranging from \$125,000 to \$240,000 per year on December 1 each year, commencing December 1, 1998 through December 1, 2012 and bear interest rates from 4.00% to 6.00%. Term bonds of \$385,000 are due December 1, 2017 at interest rates of 5.25% and 6.125%. Term bonds totaling \$255,000 are due December 1, 2025 at an interest rate of 5.35% and 6.25%. Tax Allocation Bonds maturing on or after December 15, 2008 are subject to redemption, in whole, or in part by lot, at the option of the Agency prior to their stated maturities on any date on or after December 15, 2007 at a redemption price equal to the principal amount thereof plus a premium ranging from 0% to 2%.

\$ 1,725,000

On October 4, 2001, the Tulare Redevelopment Agency received a \$750,000 "HELP LOAN" from the California Housing Finance Agency for acquisition, relocation and demolition costs related to an eighty unit affordable elderly housing project. The loan is due in annual principal installments of \$175,000 commencing June 21, 2006 through June 2010 and bears an annual interest rate of 3%.

\$ 400,000

On September 29, 2005, the Tulare Redevelopment Agency received a \$1,650,000 "HELP LOAN" from the California Housing Finance Agency for acquisition, relocation and demolition costs related to an eighty unit affordable elderly housing project. The loan is due in full on March 28, 2015 and bears an annual interest rate of 3%.

\$ 1,650,000

During the period from inception to June 30, 2006, the City advanced the Tulare Redevelopment Agency funds for operations. These advances are payable upon demand, with interest accruing at 8% per annum on the unpaid balance. The Agency expects to repay these advances from future tax increment funds when such funds when such funds become available; therefore, no retirement schedule has been prepared for repayment of these advances.

\$ 62,268,555

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize long-term debt, other than lease payable, primary government advance, and compensated absences, including interest of \$154,611,491 are as follows:

Year Ending June 30,	Primary Government							Component Unit		
	Governmental Activities			Business-Type Activities				Tax Allocation Bonds	2002 Help Loan	2006 Help Loan
	2002 Lease Revenue	2008 Lease Revenue	2008 Lease Revenue	2001 Sewer Revenue	2003 Sewer Revenue	2006 Sewer Revenue	2006 Sewer Revenue			
	Bonds	Bonds	Bonds - Premium	Bonds	Bonds	Bonds	Bonds - Premium			
2009	\$ 720,485	\$ 2,326,234	\$ 56,948	\$ 1,233,188	\$ 2,993,713	\$ 3,633,225	\$ 18,587	\$ 284,311	\$ 187,000	\$ 49,500
2010	765,235	2,326,725	56,948	1,229,400	2,985,138	3,927,225	18,587	283,996	181,750	49,500
2011	806,140	2,327,700	56,948	1,229,825	2,981,575	3,934,825	18,587	282,889	51,500	49,500
2012	854,240	2,327,325	56,948	1,229,350	2,977,675	3,941,625	18,587	285,984	-	49,500
2013	909,040	2,324,125	56,948	1,227,975	2,981,038	3,947,625	18,587	283,301	-	49,500
2014-2018	-	11,626,875	284,741	6,139,263	14,917,578	19,990,525	92,935	491,884	-	1,749,000
2019-2023	-	11,620,110	284,741	6,211,794	11,789,028	23,316,350	92,935	217,600	-	-
2024-2028	-	11,176,675	284,741	6,295,906	7,260,695	27,512,363	92,935	100,650	-	-
2029-2033	-	9,369,800	284,741	5,133,494	7,331,275	27,650,750	92,935	-	-	-
2034-2038	-	9,360,894	275,254	-	1,475,100	28,091,875	92,935	-	-	-
2039-2042	-	-	-	-	-	22,078,125	65,068	-	-	-
	4,055,140	64,786,463	1,698,958	29,930,195	57,692,815	168,024,513	622,678	2,230,615	420,250	1,996,500
Less Interest	365,140	31,736,463	-	12,060,195	20,452,815	89,124,513	-	505,615	20,250	346,500
Total	<u>\$ 3,690,000</u>	<u>\$ 33,050,000</u>	<u>\$ 1,698,958</u>	<u>\$ 17,870,000</u>	<u>\$ 37,240,000</u>	<u>\$ 78,900,000</u>	<u>\$ 622,678</u>	<u>\$ 1,725,000</u>	<u>\$ 400,000</u>	<u>\$ 1,650,000</u>

NOTE 7 – PENSION PLAN

Plan Description:

The City's defined benefit pension plans, the Miscellaneous and the Safety Plans of the City of Tulare, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous and the Safety Plans of the City of Tulare are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State Statues within the Public Employees' Retirement Law. The City of Tulare selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street -Sacramento, CA 95814.

Funding Policy:

The City makes the contributions required of City employees on their behalf and for their account. The present required contribution rates of annual covered salaries are as follows:

<u>Category</u>	<u>Members Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members with benefits Under article 21252.02	8% Modified (July 1, 2001 - December 31, 2001, Bi-weekly contributions = 8% X Earnings - \$109.84) 9% (January 1, 2002 - June 30, 2008)

NOTE 7 – PENSION PLAN (Continued)

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2008 was 14.227% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 29.306% for the period July 1, 2007 through June 30, 2008. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

CalPERS determines contribution requirements using the Entry Age Actuarial Cost Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to compute contribution requirements and also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions with each payroll.

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0% and overall payroll growth at 3.25%. Annual salary increases are assumed to vary by category, entry age, and duration of service. Changes in liability due to Plan amendments, changes in actuarial assumptions, or changes in actuarial method are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

Annual Pension Cost:

For the fiscal year ended June 30, 2008, the City's annual pension cost of \$4,804,949 for PERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2008 was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 3.75% to 11.59% for safety members), and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial values of the Miscellaneous and the Safety Plans of the City of Tulare's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a two-to five year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City of Tulare's unfunded actuarial accrued liabilities (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008 was 19 years for miscellaneous and 8 years for safety.

Three-Year Trend Information for PERS (dollars amounts in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 3,282	100%	-
6/30/07	\$ 4,456	100%	-
6/30/08	\$ 4,805	100%	-

NOTE 7 – PENSION PLAN (Continued)

<u>Three-Year Funding Status</u>						
Actuarial Valuation Date	(A) Entry Age Actuarial Accrued Liability	(B) Actuarial Asset Value	(C) Unfunded Liability (Excess Assets) (A)-(B)	(D) Funded Ratio (B)/(A)	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)
6/30/05						
Misc.	\$ 46,886	\$ 41,615	\$ 5,271	88.8%	\$ 10,141	52.0%
Safety	<u>1,325,511</u>	<u>1,105,298</u>	<u>220,212</u>	83.4%	<u>161,446</u>	136.4%
Total	<u>\$ 1,372,397</u>	<u>\$ 1,146,913</u>	<u>\$ 225,483</u>	83.6%	<u>\$ 171,587</u>	131.4%
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	<u>1,515,166</u>	<u>1,271,224</u>	<u>243,942</u>	83.9%	<u>156,674</u>	155.7%
Total	<u>\$ 1,566,382</u>	<u>\$ 1,316,732</u>	<u>\$ 249,650</u>	84.1%	<u>\$ 168,163</u>	148.5%
6/30/07						
Misc.	\$ 59,522	\$ 60,146	\$ (624)	101.0%	\$ 12,070	-5.2%
Safety	<u>50,510</u>	<u>43,186</u>	<u>7,324</u>	85.5%	<u>5,254</u>	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 103,332</u>	<u>\$ 6,700</u>	93.9%	<u>\$ 17,324</u>	38.7%

CalPERS issues a separate audited comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814

NOTE 8 – RISK MANAGEMENT

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California established under the provisions of California Government Code Section 6500, et seq. CSJVRMA provides risk coverage for its members through the pooling of risks and purchased insurance. This coverage extends to workers' compensation and general liability. CSJVRMA is governed by a Board consisting of one board member appointed by each member agency meets three to four times a year. The Board has contracted with a management group to supervise and conduct CSJVRMA affairs.

In the event of termination and after all claims have been settled, any excess or deficit will be divided among the agencies in accordance with an approved formula.

General Liability Insurance: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city self-insures through the CSJVRMA for the first \$100,000 of each loss. However, this self-insurance retention is funded through annual contributions; therefore, the City effectively has no exposure except for specific limits as described herein. Participating cities then share in the next \$100,000 to \$1,000,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, errors and omissions and certain other coverage.

Separate deposits are collected from the member cities to cover claims between \$1,000,000 and \$15,000,000. These deposits are also subject to retrospective adjustment.

NOTE 8 – RISK MANAGEMENT (Continued)

Workers' Compensation: The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by member cities and are adjusted retrospectively on an annual basis to cover costs and reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on the member's own losses up to its retention level plus a pro rata share of general/administrative expenses and losses between \$100,000 and \$500,000. The City of Tulare has a retention level of \$100,000, and all claims up to that level are paid by the City. However, this self-insured retention is funded through annual contributions; therefore, the City effectively has no exposure except for specific limits described herein. Benefits from \$100,000 to \$500,000 are covered by the pool. Excess insurance covers claims from \$500,000 up to the statutory benefits schedule under California Workers' Compensation Law.

There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

NOTE 9 – INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund due from/to other funds at June 30, 2008 were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	General Operations	\$ 3,924,495	\$ 1,037,301
Nonmajor Governmental Funds	General Operations	-	729,648
Enterprise Funds - Solid Waste	General Operations	-	2,115,671
Internal Service Funds	General Operations	218,098	218,098
Fiduciary Funds - Agency Fund	General Operations	-	41,875
		<u>\$ 4,142,593</u>	<u>\$ 4,142,593</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2007-08 fiscal year are as follows:

Purpose	Transfers In	Transfers Out	
General Fund			
Nonmajor Governmental Funds	To purchase equipment	\$ -	\$ 204,428
Nonmajor Governmental Funds	To pay unemployment claims	-	30,871
Nonmajor Governmental Funds	General fund contribution	-	309,872
Nonmajor Governmental Funds	For lease revenue bond payment	-	1,343,518
Sewer/Wastewater Fund	To reimburse General Fund	530,440	-
Nonmajor Governmental Funds	To fund construction in progress activity	18,229,323	9,030,014
Nonmajor Governmental Funds	For traffic safety activity	94,695	-
Nonmajor Governmental Funds	To reimburse General Fund	133,330	-
Total General Fund		<u>18,987,788</u>	<u>10,918,703</u>
Financing Authority Fund			
Nonmajor Governmental Funds	To fund construction in progress activity	-	5,452,461
General Fund	For lease revenue bond payment	1,343,518	-
Total Internal Service Funds		<u>1,343,518</u>	<u>5,452,461</u>
Nonmajor Governmental Funds			
Nonmajor Governmental Funds	To fund construction in progress activity	-	4,161,560
General Fund	For Traffic Safety activity	-	94,696
Nonmajor Governmental Funds	General Fund contribution	309,872	-
Nonmajor Governmental Funds	To reimburse Senior Services	6,840	-
Nonmajor Governmental Funds	To purchase equipment	-	213,000
Nonmajor Governmental Funds	To fund construction in progress activity	208,912	-
Total Capital Projects Funds		<u>525,624</u>	<u>4,469,256</u>
Enterprise Funds			
Sewer/Wastewater Fund	To reimburse General Fund	-	530,440
Total Enterprise Funds		<u>-</u>	<u>530,440</u>
Internal Service Funds			
Nonmajor Governmental Funds	To pay for unemployment claims	30,869	-
General Fund	To purchase vehicle	418,802	-
Nonmajor Governmental Funds	To purchase vehicle	204,428	-
Total Internal Service Funds		<u>654,099</u>	<u>-</u>
Redevelopment			
Nonmajor Governmental Funds	20% Set aside requirement	1,152,596	1,152,596
Nonmajor Governmental Funds	To reimburse Senior Services	-	6,840
General Fund	To reimburse General Fund	-	133,329
		<u>1,152,596</u>	<u>1,292,765</u>
Totals		<u>\$ 22,663,625</u>	<u>\$ 22,663,625</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund advances to/from at June 30, 2008 were as follows:

	<u>Purpose</u>	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General Fund	For General Operations - Airport	\$ -	\$ 404,693
	For General Operations - Transit	-	720,000
	To Perform Street Repairs	35,015	-
	For Storm Drain Land Purchase	842,860	-
Water Fund	To Construct LNG Fuel Facility	-	30,200
Aviation Enterprise Funds	For General Operations	404,693	-
Transit Enterprise Fund	For General Operations	720,000	-
Internal Service Funds	To Perform Street Repairs	-	35,015
Internal Service Funds	To Construct LNG Fuel Facility	30,200	-
Internal Service Funds	For Storm Drain Land Purchase	-	842,860
		<u>\$ 2,032,768</u>	<u>\$ 2,032,768</u>

A loan from the Fleet Maintenance Fund to the General Fund in June 2000 to allow for additional street repairs and maintenance: \$136,000 original loan in 10 annual payments of \$19,366 including interest at 7.00%.

\$ 35,015

A loan from the Fleet Maintenance Fund to the General Fund in November 2005 for the purchase of the Horizon Outlet storm drain land: \$1,440,500 original loan in 10 annual payments of \$144,050 plus interest of 7.00%.

\$ 842,860

On June 30, 2008, the City's General Fund advanced \$404,693 to the Aviation Fund for operations. The advance is due within one year at an interest rate of 0%.

\$ 404,693

A loan from the Water Fund to the Fleet Maintenance Fund in October 2000 for the construction of a new LNG Fuel Island Facility: \$119,330 original loan; 10 annual installment payments of \$16,703 including interest at 7.00%.

\$ 30,200

A loan from the City's General Fund to the Transit Enterprise Fund in January 2007 to fund the general operation needs of the transit services: \$900,000 original loan; 10 annual installment payments of \$90,000 including interest at the City pooled investments interest rate.

\$ 720,000

NOTE 10 – POST-EMPLOYMENT BENEFITS

For employees hired before June 24, 1984, the City operates under an agreement to continue to provide health care insurance benefits to all employees who retire after the age of 50 and who have 10 years of service to the City. The retirees are required to pay the employee insurance premium being charged at the time of their retirement and the City pays the excess of the cost over the amount of the premium. The employees' premium rate is frozen for them; they will never have to pay a larger amount regardless of changes in the City's cost to provide the insurance. In June, 1984, in the City's annual memoranda of understanding with employee bargaining units, this agreement was amended for those hired after June 23, 1984: Employees hired after June 23, 1984 must be 55 years old and work 10 years to qualify for the benefits. In addition, for those employees who are hired after June 23, 1984, any increases in premiums after retirement must be borne by the retirees (their rates are not frozen); the City still pays the excess of the cost over the amount of the employees cost of the premium. The City's obligation under the agreements continues until the death of the employee unless the employee chooses to discontinue the insurance.

NOTE 10 – POST-EMPLOYMENT BENEFITS (Continued)

The cost of the retiree health care insurance benefits is recognized as an expenditure as insurance premiums are paid on a monthly basis in advance. For the fiscal year ended June 30, 2008, those costs approximated \$317,496. 72 retired employees were affected by the provisions of these benefits at the end of the 2007-08 fiscal year.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2008, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>General Fund</u>	
Public Works	\$ 259,121
Capital Outlay	2,502,327
Interest and Fiscal Charges	76,805
<u>Non-Major Funds</u>	
Special Revenue Funds:	
COPS - State Grant Fund	
Public Safety	120,048

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

The Component Unit – Redevelopment Agency's beginning net assets were restated as follows:

<u>Activity</u>	<u>Net Assets</u>		
	<u>July 1, 2007 as previously reported</u>	<u>Adjustment for Understatement of Land Held for Resale</u>	<u>July 1, 2008 as restated</u>
Component Unit - Redevelopment Agency	<u>\$ (48,229,484)</u>	<u>\$ 525,000</u>	<u>\$ (47,704,484)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 27,077,670	\$ 27,137,670	\$ 28,913,440	\$ 1,775,770
Intergovernmental	1,789,470	2,943,470	31,113	(2,912,357)
Licenses and Permits	1,067,410	1,067,410	1,218,021	150,611
Fines and Forfeitures	20,000	20,000	113,340	93,340
Charges for Services	4,185,960	4,185,960	4,098,683	(87,277)
Interest and Rentals	585,730	585,730	1,322,348	736,618
Grants	414,050	1,087,490	639,938	(447,552)
Assessments	56,300	56,300	63,600	7,300
Other	6,957,690	11,325,260	14,805,184	3,479,924
Total Revenue	42,154,280	48,409,290	51,205,667	2,796,377
Expenditures				
Current				
General Government	3,697,010	3,892,290	3,798,782	93,508
Public Safety	16,287,170	16,353,570	16,132,297	221,273
Public Works	2,375,590	2,347,700	2,606,821	(259,121)
Community Development	4,737,740	6,014,240	5,733,234	281,006
Community Services	3,238,440	3,252,810	3,083,179	169,631
Library and Cultural	851,280	864,040	793,609	70,431
Capital Outlay	12,612,780	26,135,460	28,637,787	(2,502,327)
Debt Service				
Principal	2,437,060	3,767,660	217,137	3,550,523
Interest and Fiscal Charges	155,900	155,900	232,705	(76,805)
Total Expenditures	46,392,970	62,783,670	61,235,551	1,548,119
Excess (Deficiency) of Revenues Over Expenditures	(4,238,690)	(14,374,380)	(10,029,884)	4,344,496
Other Financing Sources (Uses)				
Transfers In	8,648,440	14,702,930	18,987,788	4,284,858
Transfers Out	(4,132,830)	(9,877,410)	(10,918,703)	(1,041,293)
Proceeds of Long-Term Debt	-	3,385,000	-	(3,385,000)
Total Other Financing Sources (Uses)	4,515,610	8,210,520	8,069,085	(141,435)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	276,920	(6,163,860)	(1,960,799)	4,203,061
Fund Balances, July 1	37,677,862	37,677,862	37,677,862	-
Fund Balances, June 30	\$ 37,954,782	\$ 31,514,002	\$ 35,717,063	\$ 4,203,061

CITY OF TULARE
SCHEDULE OF EXPENDITURES BY DEPARTMENT –
BUDGETARY LEVEL OF CONTROL – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 76,610	\$ 76,610	\$ 54,040	\$ 22,570
City Manager	423,040	495,040	444,552	50,488
Finance	1,002,310	939,620	859,575	80,045
City Clerk	155,680	155,680	142,311	13,369
Personnel	439,740	465,740	429,995	35,745
Non-departmental	1,102,270	1,257,350	1,359,269	(101,919)
Animal Control	497,360	502,250	509,040	(6,790)
Total General Government	<u>3,697,010</u>	<u>3,892,290</u>	<u>3,798,782</u>	<u>93,508</u>
Public Safety				
Police	9,306,900	9,284,730	9,115,815	168,915
Fire	6,980,270	7,068,840	7,016,482	52,358
Total Public Safety	<u>16,287,170</u>	<u>16,353,570</u>	<u>16,132,297</u>	<u>221,273</u>
Public Works				
Streets	2,100,310	2,067,520	2,248,435	(180,915)
Storm Drains	275,280	280,180	358,386	(78,206)
Total Public Works	<u>2,375,590</u>	<u>2,347,700</u>	<u>2,606,821</u>	<u>(259,121)</u>
Community Development				
Planning	716,030	1,952,260	1,726,723	225,537
Building services	1,222,950	1,246,210	1,163,984	82,226
Engineering administration	1,758,560	1,748,560	1,878,131	(129,571)
Building inspection	933,900	960,910	830,478	130,432
Parking and business improvement	56,300	56,300	63,600	(7,300)
Dangerous building abatement	50,000	50,000	70,318	(20,318)
Total Community Development	<u>4,737,740</u>	<u>6,014,240</u>	<u>5,733,234</u>	<u>281,006</u>
Community Services				
Parks	2,066,390	2,079,800	1,973,351	106,449
Community Services	1,123,030	1,123,990	1,044,904	79,086
Cycle Park	49,020	49,020	64,924	(15,904)
Total Community Services	<u>3,238,440</u>	<u>3,252,810</u>	<u>3,083,179</u>	<u>169,631</u>
Library and Cultural	<u>851,280</u>	<u>864,040</u>	<u>793,609</u>	<u>70,431</u>
Capital Outlay	<u>12,612,780</u>	<u>26,135,460</u>	<u>28,637,787</u>	<u>(2,502,327)</u>
Debt Service				
Principal	2,437,060	3,767,660	217,137	3,550,523
Interest	155,900	155,900	232,705	(76,805)
Total Debt Service	<u>2,592,960</u>	<u>3,923,560</u>	<u>449,842</u>	<u>3,473,718</u>
Transfers out	<u>4,132,830</u>	<u>9,877,410</u>	<u>10,918,703</u>	<u>(1,041,293)</u>
Total General Fund Expenditures	<u>\$ 50,525,800</u>	<u>\$ 72,661,080</u>	<u>\$ 72,154,254</u>	<u>\$ 506,826</u>

**CITY OF TULARE
REQUIRED SUPPLEMENTAL INFORMATION
FOR PENSION PLAN WITH CALPERS
(Dollar Amount in Thousands)**

Actuarial Valuation Date	(A) Entry Age Actuarial Accrued Liability	(B) Actuarial Asset Value	(C) Unfunded Liability (Excess Assets) (A)-(B)	(D) Funded Ratio (B)/(A)	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)
<u>Retirement Program</u>						
6/30/02						
Misc.	\$ 32,573	\$ 35,922	\$ (3,349)	110.3%	\$ 9,858	-34.0%
Safety	<u>27,642</u>	<u>24,379</u>	<u>3,263</u>	88.2%	<u>3,788</u>	86.1%
Total	<u>\$ 60,215</u>	<u>\$ 60,301</u>	<u>\$ (86)</u>	100.1%	<u>\$ 13,646</u>	-0.6%
6/30/03						
Misc.	\$ 37,613	\$ 36,701	\$ 912	97.6%	\$ 9,840	9.3%
Safety	<u>31,919</u>	<u>26,748</u>	<u>5,171</u>	83.8%	<u>3,554</u>	145.5%
Total	<u>\$ 69,532</u>	<u>\$ 63,449</u>	<u>\$ 6,083</u>	84.2%	<u>\$ 13,394</u>	45.4%
6/30/04						
Misc.	\$ 40,858	\$ 38,848	\$ 2,010	95.1%	\$ 9,740	20.6%
Safety	<u>34,673</u>	<u>28,501</u>	<u>6,172</u>	82.2%	<u>3,700</u>	166.8%
Total	<u>\$ 75,531</u>	<u>\$ 67,349</u>	<u>\$ 8,182</u>	89.2%	<u>\$ 13,440</u>	60.9%
6/30/05						
Misc.	\$ 46,886	\$ 41,615	\$ 5,271	88.8%	\$ 10,141	52.0%
Safety	<u>39,788</u>	<u>33,104</u>	<u>6,684</u>	83.2%	<u>4,141</u>	161.4%
Total	<u>\$ 86,674</u>	<u>\$ 74,719</u>	<u>\$ 11,955</u>	86.2%	<u>\$ 14,282</u>	83.7%
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	<u>43,462</u>	<u>36,465</u>	<u>6,997</u>	83.9%	<u>4,494</u>	155.7%
Total	<u>\$ 94,678</u>	<u>\$ 81,973</u>	<u>\$ 12,705</u>	86.6%	<u>\$ 15,983</u>	79.5%
6/30/07						
Misc.	\$ 59,522	\$ 60,146	\$ (624)	101.0%	\$ 12,070	-5.2%
Safety	<u>50,510</u>	<u>43,186</u>	<u>7,324</u>	85.5%	<u>5,254</u>	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 103,332</u>	<u>\$ 6,700</u>	93.9%	<u>\$ 17,324</u>	38.7%

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Investments	\$ 4,517,386	\$ 84,494	\$ 4,601,880
Receivables			
Accounts	1,228	-	1,228
Interest	14,277	601	14,878
Taxes	328,431	-	328,431
Intergovernmental	840,986	-	840,986
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,702,308</u>	<u>\$ 85,095</u>	<u>\$ 5,787,403</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 99,110	\$ 63,222	\$ 162,332
Due to Other Funds	410,344	319,304	729,648
Deferred Revenue	73,826	-	73,826
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>583,280</u>	<u>382,526</u>	<u>965,806</u>
Fund Balances			
Special Revenue Funds	5,119,028	-	5,119,028
Capital Projects Funds	-	(297,431)	(297,431)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>5,119,028</u>	<u>(297,431)</u>	<u>4,821,597</u>
Total Liabilities and Fund Balances	<u>\$ 5,702,308</u>	<u>\$ 85,095</u>	<u>\$ 5,787,403</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 3,982,691	\$ -	\$ 3,982,691
Intergovernmental	146,236	-	146,236
Fines and Forfeitures	120,096	-	120,096
Interest and Rentals	279,377	10,336	289,713
Grants	1,404,104	-	1,404,104
Meals	65,411	-	65,411
Assessments	307,002	-	307,002
Other	30,909	1,815	32,724
Total Revenues	6,335,826	12,151	6,347,977
Expenditures			
Current			
Public Safety	399,706	-	399,706
Community Development	-	294,203	294,203
Community Services	903,939	-	903,939
Library and Cultural	66,240	-	66,240
Capital Outlay	7,517	-	7,517
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	1,377,402	294,203	1,671,605
Excess (Deficiency) of Revenues Over Expenditures	4,958,424	(282,052)	4,676,372
Other Financing Sources (Uses)			
Transfers In	316,713	208,911	525,624
Transfers Out	(4,469,256)	-	(4,469,256)
Total Other Financing Sources (Uses)	(4,152,543)	208,911	(3,943,632)
Net Change in Total Fund Balances	805,881	(73,141)	732,740
Fund Balances - Beginning	4,313,147	(224,290)	4,088,857
Fund Balances - Ending	\$ 5,119,028	\$ (297,431)	\$ 4,821,597

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Senior Services Fund accounts for receipts of funds from various sources and expenditures to provide meals to senior citizens.

The Gas Tax Fund accounts for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106, 2107 and 2107.5 of the State of California.

The Traffic Safety Fund accounts for vehicle code fund revenues and expenditures for traffic safety purposes.

The Congestion Mitigation and Air Quality (CMAQ) Fund accounts for receipt of federal funds and the expenditures for street projects that qualify under the CMAQ guidelines.

The COPS – State Grant Fund accounts for the City's allocation of the State of California Citizens Option for Public Safety (COPS) program established by AB 3229.

The Local Law Enforcement Block Grant Fund accounts for federal funds received from the U.S. Department of Justice for the purpose of reducing crime and improving public safety.

The Landscape and Lighting Fund accounts for revenues from assessments collected under the 1972 Landscape and Lighting Act and expenditures for maintenance of landscaping in the special assessment districts.

The OTS Grant Fund accounts for federal revenues for the comprehensive traffic safety program.

The Auto Theft Deterrence Fund accounts for state revenues for the suppression of auto thefts.

The Police Forfeiture Fund accounts for state and federal revenues for narcotic suppression activities.

The Vehicle Abatement Fund accounts for state and federal revenues for the abatement of abandoned vehicles.

The Library Adult Literacy Fund accounts for state funds provided to improve the overall adult literacy rate in the community and to allow for better access to the City's library services.

The Measure R Fund accounts for the City's share of the County wide ½ cent sales tax for various street projects.

Federal Transportation Enhancement (TEA) Funds are to be used for transportation-related capital improvement projects that enhance quality-of-life, in or around transportation facilities. Projects must be over and above required mitigation and normal transportation projects, and the project must be directly related to the transportation system.

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	Senior Services	Gas Tax	Traffic Safety	CMAQ Street Grant	COPS - State Grant	Local Law Enforcement Block Grant
Assets						
Cash and Investments	\$ 200	\$ 3,237,225	\$ -	\$ -	\$ 83,516	\$ -
Receivables						
Accounts	45	-	-	-	-	-
Interest	-	8,886	486	-	594	-
Taxes	-	328,431	-	-	-	-
Intergovernmental	12,830	423,331	-	-	-	4,825
Total Assets	<u>\$ 13,075</u>	<u>\$ 3,997,873</u>	<u>\$ 486</u>	<u>\$ -</u>	<u>\$ 84,110</u>	<u>\$ 4,825</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 13,047	\$ -	\$ -	\$ -	\$ 10,284	\$ -
Due to Other Funds	28	-	-	-	-	4,825
Deferred Revenue	-	-	-	-	73,826	-
Total Liabilities	<u>13,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,110</u>	<u>4,825</u>
Fund Balances						
Unreserved Undesignated	-	3,997,873	486	-	-	-
Total Liabilities and Fund Balances	<u>\$ 13,075</u>	<u>\$ 3,997,873</u>	<u>\$ 486</u>	<u>\$ -</u>	<u>\$ 84,110</u>	<u>\$ 4,825</u>

	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets					
Cash and Investments	\$ 76,812	\$ 781	\$ -	\$ 183,267	\$ 118,301
Receivables					
Accounts	625	-	-	558	-
Interest	546	194	318	2,411	842
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total Assets	<u>\$ 77,983</u>	<u>\$ 975</u>	<u>\$ 318</u>	<u>\$ 186,236</u>	<u>\$ 119,143</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 26,904	\$ 974	\$ -	\$ 43,996	\$ 485
Due to Other Funds	-	-	5,491	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>26,904</u>	<u>974</u>	<u>5,491</u>	<u>43,996</u>	<u>485</u>
Fund Balances					
Unreserved Undesignated	<u>51,079</u>	<u>1</u>	<u>(5,173)</u>	<u>142,240</u>	<u>118,658</u>
Total Liabilities and Fund Balances	<u>\$ 77,983</u>	<u>\$ 975</u>	<u>\$ 318</u>	<u>\$ 186,236</u>	<u>\$ 119,143</u>

(Continued)

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Library Adult Literacy Grant	Measure R	Transportation Enhancement Act	Total
Assets				
Cash and Investments	\$ 3,420	\$ 813,864	\$ -	\$ 4,517,386
Receivables				
Accounts	-	-	-	1,228
Interest	-	-	-	14,277
Taxes	-	-	-	328,431
Intergovernmental	-	-	400,000	840,986
Total Assets	<u>\$ 3,420</u>	<u>\$ 813,864</u>	<u>\$ 400,000</u>	<u>\$ 5,702,308</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 3,420	\$ -	\$ -	\$ 99,110
Due to Other Funds	-	-	400,000	410,344
Deferred Revenue	-	-	-	73,826
Total Liabilities	<u>3,420</u>	<u>-</u>	<u>400,000</u>	<u>583,280</u>
Fund Balances				
Unreserved Undesignated	-	813,864	-	5,119,028
Total Liabilities and Fund Balances	<u>\$ 3,420</u>	<u>\$ 813,864</u>	<u>\$ 400,000</u>	<u>\$ 5,702,308</u>

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**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Senior Services	Gas Tax	Traffic Safety	CMAQ Street Grant	Cops- State Grant	Local Law Enforcement Block Grant
Revenues						
Taxes	\$ -	\$ 2,744,779	\$ -	\$ -	\$ -	\$ -
Intergovernmental	146,236	-	-	-	-	-
Fines and Forfeitures	-	-	55,987	-	-	-
Interest and Rentals	-	232,299	2,092	-	4,076	-
Grants	15,287	-	-	213,000	134,209	-
Meals	65,411	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	30,909	-	-	-	-	-
Total Revenues	257,843	2,977,078	58,079	213,000	138,285	-
Expenditures						
Current						
Public Safety	-	-	-	-	130,768	-
Community Services	543,734	-	-	-	-	-
Library and Cultural	-	-	-	-	-	-
Capital Outlay	-	-	-	-	7,517	-
Total Expenditures	543,734	-	-	-	138,285	-
Excess (Deficiency) of Revenues Over Expenditures	(285,891)	2,977,078	58,079	213,000	-	-
Other Financing Sources (Uses)						
Transfers In	285,112	-	-	-	-	-
Transfers Out	-	(3,120,403)	(68,272)	(213,000)	-	-
Total Other Financing Sources (Uses)	285,112	(3,120,403)	(68,272)	(213,000)	-	-
Net Change in Fund Balances	(779)	(143,325)	(10,193)	-	-	-
Fund Balances - Beginning	779	4,141,198	10,679	-	-	-
Fund Balances - Ending	\$ -	\$ 3,997,873	\$ 486	\$ -	\$ -	\$ -

	Landscape And Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Fines and Forfeitures	-	64,109	-	-	-
Interest and Rentals	2,125	1,052	1,371	20,339	4,644
Grants	-	-	27,461	514,466	65,112
Meals	-	-	-	-	-
Assessments	307,002	-	-	-	-
Other	-	-	-	-	-
Total Revenues	309,127	65,161	28,832	534,805	69,756
Expenditures					
Current					
Public Safety	-	-	-	244,306	24,632
Community Services	321,467	38,738	-	-	-
Library and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	321,467	38,738	-	244,306	24,632
Excess (Deficiency) of Revenues Over Expenditures	(12,340)	26,423	28,832	290,499	45,124
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	(26,422)	(50,168)	(155,634)	-
Total Other Financing Sources (Uses)	-	(26,422)	(50,168)	(155,634)	-
Net Change in Fund Balances	(12,340)	1	(21,336)	134,865	45,124
Fund Balances - Beginning	63,419	-	16,163	7,375	73,534
Fund Balances - Ending	\$ 51,079	\$ 1	\$ (5,173)	\$ 142,240	\$ 118,658

(Continued)

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Library Adult Literacy Grant	Measure R	Transportation Enhancement Act	Total
Revenues				
Taxes	\$ -	\$ 1,237,912	\$ -	\$ 3,982,691
Intergovernmental	-	-	-	146,236
Fines and Forfeitures	-	-	-	120,096
Interest and Rentals	70	11,309	-	279,377
Grants	34,569	-	400,000	1,404,104
Meals	-	-	-	65,411
Assessments	-	-	-	307,002
Other	-	-	-	30,909
Total Revenues	<u>34,639</u>	<u>1,249,221</u>	<u>400,000</u>	<u>6,335,826</u>
Expenditures				
Current				
Public Safety	-	-	-	399,706
Community Services	-	-	-	903,939
Library and Cultural	66,240	-	-	66,240
Capital Outlay	-	-	-	7,517
Total Expenditures	<u>66,240</u>	<u>-</u>	<u>-</u>	<u>1,377,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(31,601)</u>	<u>1,249,221</u>	<u>400,000</u>	<u>4,958,424</u>
Other Financing Sources (Uses)				
Transfers In	31,601	-	-	316,713
Transfers Out	-	(435,357)	(400,000)	(4,469,256)
Total Other Financing Sources (Uses)	<u>31,601</u>	<u>(435,357)</u>	<u>(400,000)</u>	<u>(4,152,543)</u>
Net Change in Fund Balances	<u>-</u>	<u>813,864</u>	<u>-</u>	<u>805,881</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,313,147</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ 813,864</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,119,028</u></u>

**CITY OF TULARE
 SENIOR SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 146,240	\$ 146,236	\$ (4)
Grants	11,780	15,287	3,507
Meals	52,540	65,411	12,871
Other	51,510	30,909	(20,601)
Total Revenues	<u>262,070</u>	<u>257,843</u>	<u>(4,227)</u>
Expenditures			
Current			
Community Services	587,220	543,734	43,486
Capital Outlay	-	-	-
Total Expenditures	<u>587,220</u>	<u>543,734</u>	<u>43,486</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(325,150)</u>	<u>(285,891)</u>	<u>39,259</u>
Other Financing Sources (Uses)			
Transfers In	<u>325,150</u>	<u>285,112</u>	<u>(40,038)</u>
Net Change in Fund Balances	-	(779)	(779)
Fund Balances, July 1	<u>779</u>	<u>779</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 779</u>	<u>\$ -</u>	<u>\$ (779)</u>

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 3,442,860	\$ 2,744,779	\$ (698,081)
Interest and Rentals	41,000	232,299	191,299
	<u>3,483,860</u>	<u>2,977,078</u>	<u>(506,782)</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	<u>(6,280,840)</u>	<u>(3,120,403)</u>	<u>3,160,437</u>
Net Change in Fund Balances	(2,796,980)	(143,325)	2,653,655
Fund Balances, July 1	<u>4,141,198</u>	<u>4,141,198</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 1,344,218</u></u>	<u><u>\$ 3,997,873</u></u>	<u><u>\$ 2,653,655</u></u>

**CITY OF TULARE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 98,870	\$ 55,987	\$ (42,883)
Interest and Rentals	-	2,092	2,092
	<u>98,870</u>	<u>58,079</u>	<u>(40,791)</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	<u>(100,000)</u>	<u>(68,272)</u>	<u>31,728</u>
Net Change in Fund Balances	(1,130)	(10,193)	(9,063)
Fund Balances, July 1	<u>10,679</u>	<u>10,679</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 9,549</u></u>	<u><u>\$ 486</u></u>	<u><u>\$ (9,063)</u></u>

**CITY OF TULARE
CMAQ STREET GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 75,000	\$ 213,000	\$ 138,000
Total Revenues	<u>75,000</u>	<u>213,000</u>	<u>138,000</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(75,000)</u>	<u>(213,000)</u>	<u>(138,000)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
COPS – STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 4,076	\$ 4,076
Grants	207,930	134,209	(73,721)
Total Revenues	<u>207,930</u>	<u>138,285</u>	<u>(69,645)</u>
Expenditures			
Current			
Public Safety	10,720	130,768	(120,048)
Capital Outlay	197,210	7,517	189,693
Total Expenditures	<u>207,930</u>	<u>138,285</u>	<u>69,645</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 35,830	\$ -	\$ (35,830)
Total Revenues	<u>35,830</u>	<u>-</u>	<u>(35,830)</u>
Expenditures			
Current			
Public Safety	5,000	-	5,000
Capital Outlay	26,000	-	26,000
Total Expenditures	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Net Change in Fund Balances	4,830	-	(4,830)
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 4,830</u>	<u>\$ -</u>	<u>\$ (4,830)</u>

**CITY OF TULARE
LANDSCAPE AND LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 2,125	\$ 2,125
Assessments	554,410	307,002	(247,408)
Total Revenues	<u>554,410</u>	<u>309,127</u>	<u>(245,283)</u>
Expenditures			
Community Services	<u>586,870</u>	<u>321,467</u>	<u>265,403</u>
Net Change in Fund Balances	(32,460)	(12,340)	20,120
Fund Balances, July 1	<u>63,419</u>	<u>63,419</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 30,959</u>	<u>\$ 51,079</u>	<u>\$ 20,120</u>

**CITY OF TULARE
OTS GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 52,000	\$ 64,109	\$ 12,109
Interest and Rentals	100	1,052	952
	<u>52,100</u>	<u>65,161</u>	<u>13,061</u>
Total Revenues			
	<u>52,100</u>	<u>65,161</u>	<u>13,061</u>
Expenditures			
Current			
Community Services	59,330	38,738	20,592
	<u>59,330</u>	<u>38,738</u>	<u>20,592</u>
Excess (Deficiency) of Revenue Over Expenditures	(7,230)	26,423	33,653
Other Financing Sources (Uses)			
Transfers Out	-	(26,422)	(26,422)
	<u>-</u>	<u>(26,422)</u>	<u>(26,422)</u>
Net Change in Fund Balances	(7,230)	1	7,231
Fund Balances, July 1	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (7,230)</u>	<u>\$ 1</u>	<u>\$ 7,231</u>

**CITY OF TULARE
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 100	\$ 1,371	\$ 1,271
Grants	56,400	27,461	(28,939)
Total Revenues	<u>56,500</u>	<u>28,832</u>	<u>(27,668)</u>
Expenditures			
Current			
Community Services	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	56,500	28,832	(27,668)
Other Financing Sources (Uses)			
Operating Transfers Out	<u>(56,400)</u>	<u>(50,168)</u>	<u>6,232</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>100</u>	<u>(21,336)</u>	<u>(21,436)</u>
Fund Balances, July 1	<u>16,163</u>	<u>16,163</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 16,263</u>	<u>\$ (5,173)</u>	<u>\$ (21,436)</u>

**CITY OF TULARE
POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 20,339	\$ 20,339
Grants	482,610	514,466	31,856
Total Revenues	<u>482,610</u>	<u>534,805</u>	<u>52,195</u>
Expenditures			
Current			
Public Safety	293,050	244,306	48,744
Net Change in Fund Balances	189,560	290,499	100,939
Other Financing Sources (Uses)			
Operating Transfers Out	<u>(189,560)</u>	<u>(155,634)</u>	<u>33,926</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>134,865</u>	<u>134,865</u>
Fund Balances, July 1	<u>7,375</u>	<u>7,375</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 7,375</u>	<u>\$ 142,240</u>	<u>\$ 134,865</u>

**CITY OF TULARE
VEHICLE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 500	\$ 4,644	\$ 4,144
Grants	50,000	65,112	15,112
Total Revenues	<u>50,500</u>	<u>69,756</u>	<u>19,256</u>
Expenditures			
Current			
Public Safety	<u>33,870</u>	<u>24,632</u>	<u>9,238</u>
Net Change in Fund Balances	16,630	45,124	28,494
Fund Balances, July 1	<u>73,534</u>	<u>73,534</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 90,164</u>	<u>\$ 118,658</u>	<u>\$ 28,494</u>

**CITY OF TULARE
LIBRARY ADULT LITERACY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 70	\$ 70
Grants	34,710	34,569	(141)
	<u>34,710</u>	<u>34,639</u>	<u>(71)</u>
Total Revenues			
	<u>34,710</u>	<u>34,639</u>	<u>(71)</u>
Expenditures			
Current			
Library and Cultural	67,050	66,240	810
	<u>67,050</u>	<u>66,240</u>	<u>810</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(32,340)</u>	<u>(31,601)</u>	<u>739</u>
Other Financing Sources (Uses)			
Transfers In	32,340	31,601	(739)
	<u>32,340</u>	<u>31,601</u>	<u>(739)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
MEASURE R FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ -	\$ 1,237,912	\$ 1,237,912
Interest and Rentals	-	11,309	11,309
	<hr/>	<hr/>	<hr/>
Total Revenues	-	1,249,221	1,249,221
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Transfers Out	-	(435,357)	(435,357)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	-	813,864	813,864
	<hr/>	<hr/>	<hr/>
Fund Balances, July 1	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ 813,864</u>	<u>\$ 813,864</u>

**CITY OF TULARE
TRANSPORTATION ENHANCEMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ -	\$ 400,000	\$ 400,000
Total Revenues	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Other Financing Sources (Uses)			
Transfers Out	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CAPITAL PROJECTS FUNDS

Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The Library Expansion Fund accounts for capital projects expenditures for the construction of the expansion of the Tulare Public Library.

The Fire Station #2 Fund accounts for the capital projects expenditures for the construction of Tulare Fire Station #2.

The Fire Station #3 Fund accounts for the capital projects expenditures for the construction of Tulare Fire Station #3.

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2008**

	Library Expansion	Fire Station #2	Fire Station #3	Total
Assets				
Cash and Investments	\$ -	\$ 77,734	\$ 6,760	\$ 84,494
Interest Receivables	-	553	48	601
Total Assets	<u>\$ -</u>	<u>\$ 78,287</u>	<u>\$ 6,808</u>	<u>\$ 85,095</u>
Liabilities and Fund Balances				
Accounts Payable and Accrued Liabilities	\$ 63,222	\$ -	\$ -	\$ 63,222
Due to Other Funds	319,304	-	-	319,304
Total Liabilities	<u>382,526</u>	<u>-</u>	<u>-</u>	<u>382,526</u>
Fund Balances				
Unreserved - Undesignated	<u>(382,526)</u>	<u>78,287</u>	<u>6,808</u>	<u>(297,431)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 78,287</u>	<u>\$ 6,808</u>	<u>\$ 85,095</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Library Expansion	Fire Station #2	Fire Station #3	Total
Revenues				
Interest and Rentals	\$ 6,320	\$ 3,694	\$ 322	\$ 10,336
Other	1,996	(181)	-	1,815
Total Revenues	<u>8,316</u>	<u>3,513</u>	<u>322</u>	<u>12,151</u>
Expenditures				
Current				
Community Development	294,187	-	16	294,203
Excess (Deficiency) of Revenues Over Expenditures	<u>(285,871)</u>	<u>3,513</u>	<u>306</u>	<u>(282,052)</u>
Other Financing Sources				
Transfers In	208,911	-	-	208,911
Net Change in Fund Balances	(76,960)	3,513	306	(73,141)
Fund Balances - Beginning	<u>(305,566)</u>	<u>74,774</u>	<u>6,502</u>	<u>(224,290)</u>
Fund Balances - Ending	<u>\$ (382,526)</u>	<u>\$ 78,287</u>	<u>\$ 6,808</u>	<u>\$ (297,431)</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or services provided by one department of the City to another on a cost-reimbursement basis.

The Fleet Maintenance Fund accounts for the costs of maintaining and replacing City vehicles and equipment. Costs are funded by charges to using departments based upon actual usage and rental rates.

The Employee Welfare Fund accounts for the cost of the City's health insurance program. Costs are funded by charges to departments based upon the number of employees and by employee contributions for department coverage.

The Workers' Compensation Fund accounts for the cost of the City's self-insured workers' compensation program. Costs are funded by charges to departments based upon standard workers' compensation rates.

The General Insurance Fund accounts for the cost of the City's self-insured liability and fire insurance program. Costs are funded by charges to departments based upon a combination of number of employees and square footage of buildings factors.

The Unemployment Insurance Fund accounts for the cost of unemployment claims paid and is funded by the General Fund.

The Purchasing Fund accounts for the cost of purchases of inventory items and the department charges for issuance of those items.

**CITY OF TULARE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2008**

Assets	Fleet Maintenance	Employee Welfare	Workers' Compensation
Current Assets			
Cash and Investments	\$ 3,628,116	\$ 2,784,465	\$ 1,674,777
Cash and Investments with Fiscal Agent	-	7,307	370,776
Accounts Receivable	35,726	35,303	11,914
Other Receivables	128,143	-	-
Inventories	-	-	-
Advances to Other Fund	877,875	-	-
Due from Other Funds	-	-	-
Total Current Assets	4,669,860	2,827,075	2,057,467
Noncurrent Assets			
Capital Assets			
Nondepreciable:			
Land	75,000	-	-
Depreciable:			
Buildings	346,636	-	-
Improvements Other than Buildings	618,882	-	-
Machinery and Equipment	14,869,666	-	-
Accumulated Depreciation	(7,519,100)	-	-
Total Noncurrent Assets	8,391,084	-	-
Total Assets	\$ 13,060,944	\$ 2,827,075	\$ 2,057,467
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 217,447	\$ 319,523	\$ 1,363
Due to Other Funds	-	-	-
Advances from Other Funds -- Current	14,590	-	-
Compensated Absences Payable -- Current	2,003	297	297
Capital Leases Payable -- Current	99,445	-	-
Total Current Liabilities	333,485	319,820	1,660
Noncurrent Liabilities			
Advances from Other Funds	15,610	-	-
Capital Leases Payable	280,578	-	-
Compensated Absences Payable	24,566	3,636	3,642
Total Noncurrent Liabilities	320,754	3,636	3,642
Total Liabilities	654,239	323,456	5,302
Net Assets			
Invested in Capital Assets, Net of Related Debt	8,011,061	-	-
Unrestricted	4,395,644	2,503,619	2,052,165
Total Net Assets	\$ 12,406,705	\$ 2,503,619	\$ 2,052,165

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 244,164	\$ 22,488	\$ -	\$ 8,354,010
641,276	-	-	1,019,359
3,289	-	56,798	143,030
-	-	-	128,143
-	-	233,196	233,196
-	-	-	877,875
218,098	-	-	218,098
<u>1,106,827</u>	<u>22,488</u>	<u>289,994</u>	<u>10,973,711</u>
-	-	-	75,000
-	-	-	346,636
-	-	-	618,882
-	-	13,419	14,883,085
-	-	(13,419)	(7,532,519)
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,391,084</u>
<u>\$ 1,106,827</u>	<u>\$ 22,488</u>	<u>\$ 289,994</u>	<u>\$ 19,364,795</u>
\$ 1,378	\$ 22,488	\$ 125,117	\$ 687,316
-	-	218,098	218,098
-	-	-	14,590
297	-	1,069	3,963
-	-	-	99,445
<u>1,675</u>	<u>22,488</u>	<u>344,284</u>	<u>1,023,412</u>
-	-	-	15,610
-	-	-	280,578
3,636	-	13,107	48,587
<u>3,636</u>	<u>-</u>	<u>13,107</u>	<u>344,775</u>
<u>5,311</u>	<u>22,488</u>	<u>357,391</u>	<u>1,368,187</u>
-	-	-	8,011,061
1,101,516	-	(67,397)	9,985,547
<u>\$ 1,101,516</u>	<u>\$ -</u>	<u>\$ (67,397)</u>	<u>\$ 17,996,608</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Revenue			
Departmental Charges	\$ 3,423,222	\$ 2,876,035	\$ 1,456,559
Employee Contributions	-	1,053,708	-
Total Operating Revenues	<u>3,423,222</u>	<u>3,929,743</u>	<u>1,456,559</u>
Operating Expenses			
General Administration	132	9,579	3,741
Personal Services	520,298	113,028	61,751
Contractual Services	220,342	-	1,551
Equipment Usage and Operation	885,827	-	-
Insurance	110,741	3,593,262	571,121
Depreciation	1,250,468	-	-
Total Operating Expenses	<u>2,987,808</u>	<u>3,715,869</u>	<u>638,164</u>
Operating Income (Loss)	<u>435,414</u>	<u>213,874</u>	<u>818,395</u>
Nonoperating Revenues (Expenses)			
Interest Income (Expense)	228,556	120,222	67,134
Grants	327,000	-	-
Other Income	48,285	49,177	-
Gain on Sale of Assets	30,055	-	-
Total Nonoperating Revenues	<u>633,896</u>	<u>169,399</u>	<u>67,134</u>
Income (Loss) Before Transfers	<u>1,069,310</u>	<u>383,273</u>	<u>885,529</u>
Transfers In	<u>623,230</u>	<u>-</u>	<u>-</u>
Change in Net Assets	1,692,540	383,273	885,529
Net Assets (Deficit), Beginning	<u>10,714,165</u>	<u>2,120,346</u>	<u>1,166,636</u>
Net Assets (Deficit), Ending	<u>\$ 12,406,705</u>	<u>\$ 2,503,619</u>	<u>\$ 2,052,165</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 520,890	\$ -	\$ 1,383,021	\$ 9,659,727
-	-	-	1,053,708
<u>520,890</u>	<u>-</u>	<u>1,383,021</u>	<u>10,713,435</u>
3,175	-	3,711	20,338
61,832	-	72,024	828,933
-	-	-	221,893
-	-	1,469,344	2,355,171
(110,039)	30,869	-	4,195,954
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,468</u>
<u>(45,032)</u>	<u>30,869</u>	<u>1,545,079</u>	<u>8,872,757</u>
<u>565,922</u>	<u>(30,869)</u>	<u>(162,058)</u>	<u>1,840,678</u>
19,876	-	-	435,788
-	-	-	327,000
-	-	61,163	158,625
<u>-</u>	<u>-</u>	<u>-</u>	<u>30,055</u>
<u>19,876</u>	<u>-</u>	<u>61,163</u>	<u>951,468</u>
<u>585,798</u>	<u>(30,869)</u>	<u>(100,895)</u>	<u>2,792,146</u>
<u>-</u>	<u>30,869</u>	<u>-</u>	<u>654,099</u>
585,798	-	(100,895)	3,446,245
<u>515,718</u>	<u>-</u>	<u>33,498</u>	<u>14,550,363</u>
<u>\$ 1,101,516</u>	<u>\$ -</u>	<u>\$ (67,397)</u>	<u>\$ 17,996,608</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash received from customer/current services			
Cash received from interfund services provided	\$ 3,493,448	\$ 3,982,525	\$ 1,454,213
Cash paid for salaries and benefits	(519,785)	(119,102)	(61,978)
Cash paid for services and supplies	<u>(1,050,315)</u>	<u>(3,669,396)</u>	<u>(572,546)</u>
	<u>1,923,348</u>	<u>194,027</u>	<u>819,689</u>
Cash Flows from Operating Activities:			
Cash Flows from Non- Capital Financing Activities:			
Grants	327,000	-	-
Operating transfers from other funds	<u>623,230</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>950,230</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	30,055	-	-
Payments made on capital leases	(92,562)	-	-
Acquisition of fixed assets	<u>(2,119,392)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,181,899)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest Income	<u>228,556</u>	<u>120,222</u>	<u>67,134</u>
Net Cash Provided by Investing Activities	<u>228,556</u>	<u>120,222</u>	<u>67,134</u>
Net Increase (Decrease) in Cash and Cash Equivalents	920,235	314,249	886,823
Cash and Cash Equivalents, July 1	<u>2,707,881</u>	<u>2,477,523</u>	<u>1,158,730</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 3,628,116</u></u>	<u><u>\$ 2,791,772</u></u>	<u><u>\$ 2,045,553</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 597,040	\$ 22,488	\$ 1,476,005	\$ 11,025,719
(61,501)	-	(72,947)	(835,313)
106,222	(30,869)	(1,403,058)	(6,619,962)
<u>641,761</u>	<u>(8,381)</u>	<u>-</u>	<u>3,570,444</u>
-	-	-	327,000
<u>-</u>	<u>30,869</u>	<u>-</u>	<u>654,099</u>
-	30,869	-	981,099
-	-	-	30,055
-	-	-	(92,562)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,119,392)</u>
-	-	-	(2,181,899)
<u>19,876</u>	<u>-</u>	<u>-</u>	<u>435,788</u>
<u>19,876</u>	<u>-</u>	<u>-</u>	<u>435,788</u>
661,637	22,488	-	2,805,432
<u>223,803</u>	<u>-</u>	<u>-</u>	<u>6,567,937</u>
<u>\$ 885,440</u>	<u>\$ 22,488</u>	<u>\$ -</u>	<u>\$ 9,373,369</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Income (Loss)	\$ 435,414	\$ 213,874	\$ 818,395
Other Income	48,285	49,177	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,250,468	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(137,908)	3,605	(2,346)
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in advances to other funds	159,849	-	-
(Increase) Decrease in due from other funds	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	180,222	(76,134)	126
Increase in due to other funds	-	-	-
Increase in advance from other funds	(13,627)	-	-
Increase (Decrease) in insurance claims payable	-	-	-
Increase (Decrease) in compensated absences payable	645	3,505	3,514
Net Cash Provided by (Used for) Operating Activities	<u>1,923,348</u>	<u>194,027</u>	<u>819,689</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and investments	3,628,116	2,784,465	1,674,777
Cash and investments with fiscal agents	-	7,307	370,776
Cash and Cash Equivalents per statement of cash flows	<u><u>\$ 3,628,116</u></u>	<u><u>\$ 2,791,772</u></u>	<u><u>\$ 2,045,553</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 565,922	\$ (30,869)	\$ (162,058)	\$ 1,840,678
-	-	61,163	158,625
-	-	-	1,250,468
1,931	22,488	31,821	(80,409)
-	-	64,810	64,810
-	-	-	159,849
74,219	-	-	74,219
(3,817)	-	75,695	176,092
-	-	(74,219)	(74,219)
-	-	-	(13,627)
-	-	-	-
3,506	-	2,788	13,958
<u>641,761</u>	<u>(8,381)</u>	<u>-</u>	<u>3,570,444</u>
244,254	22,488	-	8,354,100
641,186	-	-	1,019,269
<u>\$ 885,440</u>	<u>\$ 22,488</u>	<u>\$ -</u>	<u>\$ 9,373,369</u>

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FIDUCIARY FUNDS

Trust and Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The Agency Funds account for receipts and disbursements of the Youth Service Bureau and Development Impact Fees.

**CITY OF TULARE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

AGENCY FUND	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
AGENCY FUND				
Assets				
Cash and Investments	\$ 1,532,440	\$ 6,620,108	\$ 6,438,785	\$ 1,713,763
Due from Other Governments	1,600,417	505,406	1,600,417	505,406
Accounts Receivable	11,719	2,168	11,746	2,141
Prepaid Expense	25,749	-	-	25,749
Total Assets	\$ 3,170,325	\$ 7,127,682	\$ 8,050,948	\$ 2,247,059
Liabilities				
Accounts Payable	\$ 462,145	\$ 5,258,749	\$ 5,278,151	\$ 442,743
Deposits Payable	2,708,180	17,682,101	18,585,965	1,804,316
Total Liabilities	\$ 3,170,325	\$ 22,940,850	\$ 23,864,116	\$ 2,247,059
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 7,682,904	\$ 4,788,148	\$ 7,270,265	\$ 5,200,787
Accounts Receivable	140,422	119,609	157,849	102,182
Total Assets	\$ 7,823,326	\$ 4,907,757	\$ 7,428,114	\$ 5,302,969
Liabilities				
Accounts Payable	\$ -	\$ 328,879	\$ 328,879	\$ -
Due to Other Funds	30,780	41,875	30,780	41,875
Deposits Payable	7,792,546	8,180,857	10,712,309	5,261,094
Total Liabilities	\$ 7,823,326	\$ 8,551,611	\$ 11,071,968	\$ 5,302,969
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 9,215,344	\$ 11,408,256	\$ 13,709,050	\$ 6,914,550
Due from Other Governments	1,600,417	505,406	1,600,417	505,406
Accounts Receivable	152,141	121,777	169,595	104,323
Prepaid Expense	25,749	-	-	25,749
Total Assets	\$ 10,993,651	\$ 12,035,439	\$ 15,479,062	\$ 7,550,028
Liabilities				
Accounts Payable	\$ 462,145	\$ 5,587,628	\$ 5,607,030	\$ 442,743
Due to Other Funds	30,780	41,875	30,780	41,875
Deposits Payable	10,500,726	25,862,958	29,298,274	7,065,410
Total Liabilities	\$ 10,993,651	\$ 31,492,461	\$ 34,936,084	\$ 7,550,028

**CITY OF TULARE
 MEASURE I SALES TAX REVENUE AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 3,440,000	\$ 4,161,483	\$ 721,483
Expenditures			
Measure I - Police	2,340,830	2,365,008	(24,178)
Measure I - Fire	703,190	715,907	(12,717)
Measure I - Streets	500,000	12,363	487,637
Total Expenditures	3,544,020	3,093,278	450,742
Excess (Deficiency) of Expenditures Over Revenues	\$ (104,020)	\$ 1,068,205	\$ 1,172,225

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ENGINEERING DEPARTMENT

Statistical Section



Proposition 1B funds were used to do a major pavement overlay on Bardsley Avenue, resulting in a much smoother riding surface.



In an effort to improve the quality of life for Tulare residents living in recently-annexed areas, Engineering Department staff oversaw the installation of new sewer laterals and the repaving of residential streets.

STATISTICAL SECTION

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**CITY OF TULARE
STATISTICAL SECTION
FOR THE YEAR ENDED JUNE 30, 2008**

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, notes disclosure and required supplementary information say about the City's overall financial health.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed overtime.	110 – 114
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	115 – 119
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	120 – 127
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128 – 130
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	131 – 135

**CITY OF TULARE
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS**

	Fiscal Year			
	2005	2006	2007	2008
<u>Governmental Activities:</u>				
Invested in capital assets, net of related debt	\$ 26,833,821	\$ 33,166,653	\$110,129,292	\$105,902,503
Restricted	-	-	-	-
Unrestricted	65,408,770	71,510,372	84,457,595	113,514,798
Total governmental activities net assets	\$ 92,242,591	\$ 104,677,025	\$194,586,887	\$219,417,301
<u>Business-type Activities:</u>				
Invested in capital assets, net of related debt	\$ 25,759,631	\$ 41,856,616	\$ 52,468,556	\$ 62,545,938
Restricted	11,328,132	11,328,132	11,328,132	11,328,132
Unrestricted	16,432,772	6,207,299	95,685	3,504,086
Total business-type activities net assets	\$ 53,520,535	\$ 59,392,047	\$ 63,892,373	\$ 77,378,156
<u>Primary Government:</u>				
Invested in capital assets, net of related debt	\$ 52,593,452	\$ 75,023,269	\$162,597,848	\$168,448,441
Restricted	11,328,132	11,328,132	11,328,132	11,328,132
Unrestricted	81,841,542	77,717,671	84,553,280	117,018,884
Total primary government net assets	\$ 145,763,126	\$ 164,069,072	\$258,479,260	\$296,795,457

The City of Tulare implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Source:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

**CITY OF TULARE
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS**

	Fiscal Year			
	2005	2006	2007	2008
<u>Expenses:</u>				
Governmental Activities:				
General Government	\$ 2,544,937	\$ 1,933,465	\$ 4,405,718	\$ 2,855,538
Intergovernmental	3,896	3,895	3,895	28,228
Public Safety	11,663,036	13,372,193	15,345,247	17,234,653
Public Works	1,924,049	2,100,496	2,499,561	2,816,141
Community Development	2,545,200	3,442,573	5,469,002	7,791,822
Community Services	2,889,063	3,025,032	3,534,104	4,075,367
Library and Cultural	1,376,479	1,541,423	3,513,601	3,331,468
Interest on Long-Term Debt	451,701	508,483	99,986	668,323
Total Governmental Activities Expenses	<u>23,398,361</u>	<u>25,927,560</u>	<u>34,871,114</u>	<u>38,801,540</u>
Business-Type Activities:				
Aviation	189,335	158,865	164,682	149,838
Transit	2,325,655	2,229,068	2,291,825	2,373,838
Water	3,255,991	3,760,697	4,446,988	5,774,160
Solid Waste	5,426,552	5,696,194	6,276,096	6,828,700
Sewer	8,005,084	9,953,994	10,850,918	12,797,031
Total Business-Type Activities Expenses	<u>19,202,617</u>	<u>21,798,818</u>	<u>24,030,509</u>	<u>27,923,567</u>
Total Primary Government Expenses	<u>42,600,978</u>	<u>47,726,378</u>	<u>58,901,623</u>	<u>66,725,107</u>
<u>Program Revenues:</u>				
Governmental Activities:				
Charges for Services:				
General Government	399,798	355,884	525,607	307,426
Intergovernmental	1,238,362	1,355,515	1,649,615	180,370
Public Safety	2,004,347	2,587,645	2,022,999	2,079,850
Public Works	302,259	386,629	298,200	301,977
Community Development	1,487,515	2,331,095	2,617,517	2,428,421
Community Services	453,858	556,804	421,623	436,384
Library and Cultural	216,238	283,722	419,176	363,663
Interest on Long-Term Debt	-	-	-	-
Operating Grants and Contributions	333,406	52,689	203,221	153,895
Capital Grants and Contributions	1,243	-	124,714	931,941
Total Governmental Activities Program Revenues	<u>6,437,026</u>	<u>7,909,983</u>	<u>8,282,672</u>	<u>7,183,927</u>
Business-Type Activities:				
Charges for Services:				
Aviation	61,467	63,857	99,294	103,064
Transit	1,576,025	1,621,973	1,864,717	1,507,696
Water	4,426,660	5,083,108	5,214,527	6,383,693
Solid Waste	4,752,226	5,471,596	5,743,916	6,513,112
Sewer	10,139,732	11,727,127	12,303,626	18,812,643
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,221,308	2,922,213	1,887,471	7,543,285
Total Business-Type Activities Program Revenues	<u>22,177,418</u>	<u>26,889,874</u>	<u>27,113,551</u>	<u>40,863,493</u>
Total Primary Government Program Revenues	<u>28,614,444</u>	<u>34,799,857</u>	<u>35,396,223</u>	<u>48,047,420</u>

(Continued)

CITY OF TULARE
CHANGES IN NET ASSETS (Continued)
LAST FOUR FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Net Revenues (Expenses):				
Governmental Activities	(16,961,335)	(18,017,577)	(26,588,442)	(31,617,613)
Business-Type Activities	<u>2,974,801</u>	<u>5,091,056</u>	<u>3,083,042</u>	<u>12,939,926</u>
Total Net Revenues (Expenses)	<u>(13,986,534)</u>	<u>(12,926,521)</u>	<u>(23,505,400)</u>	<u>(18,677,687)</u>
<u>General Revenues and Other Changes in Net Assets:</u>				
Governmental Activities:				
Taxes:				
Sales Tax	6,209,806	7,220,399	11,859,889	16,163,788
Property Tax	2,170,347	2,553,998	3,577,111	4,279,124
Utility Tax	4,405,682	4,891,749	5,370,352	5,348,107
Motel/Hotel and Franchise Tax	2,059,010	2,327,371	2,515,731	2,524,436
Motor Vehicle-in-Lieu Tax (intergovernmental, unrestricted)	3,638,093	3,561,218	4,042,805	4,580,676
Investment Income	4,280,463	4,610,583	5,644,508	6,504,081
Other General Revenues	4,784,368	3,949,848	8,458,768	15,061,945
Grants and Contributions Not Restricted to Specific Programs	-	883,803	349,443	1,285,206
Gain on Sale of Capital Assets	-	56,456	76,882	30,055
Transfers	<u>57,389</u>	<u>396,586</u>	<u>289,624</u>	<u>670,609</u>
Total Governmental Activities	<u>27,605,158</u>	<u>30,452,011</u>	<u>42,185,113</u>	<u>56,448,027</u>
Business-Type Activities:				
Investment Income	968,326	786,450	1,706,908	1,076,297
Transfers	<u>(57,389)</u>	<u>(5,994)</u>	<u>(289,624)</u>	<u>(530,440)</u>
Total Business-Type Activities	<u>910,937</u>	<u>780,456</u>	<u>1,417,284</u>	<u>545,857</u>
Total Primary Government	<u>28,516,095</u>	<u>31,232,467</u>	<u>43,602,397</u>	<u>56,993,884</u>
Changes in Net Assets				
Governmental Activities	10,643,823	12,434,434	15,596,671	24,830,414
Business-Type Activities	<u>3,885,738</u>	<u>5,871,512</u>	<u>4,500,326</u>	<u>13,485,783</u>
Total Primary Government	<u>\$ 14,529,561</u>	<u>\$ 18,305,946</u>	<u>\$ 20,096,997</u>	<u>\$ 38,316,197</u>

The City of Tulare implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Source:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

CITY OF TULARE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
<u>General Fund:</u>				
Reserved	\$ 17,684,766	\$ 18,275,950	\$ 22,001,145	\$ 25,285,362
Unreserved	10,802,682	12,539,095	15,676,717	10,431,701
Total General Fund	<u>\$ 28,487,448</u>	<u>\$ 30,815,045</u>	<u>\$ 37,677,862</u>	<u>\$ 35,717,063</u>
All Other Governmental Funds:				
Reserved, Reported in:				
Debt Service Funds	\$ 1,043,538	\$ 1,051,951	\$ 1,112,693	\$ 23,427,969
Unreserved, Reported in:				
Special Revenue Funds	1,814,801	3,330,476	4,313,146	5,119,028
Capital Projects Funds	141,760	(19,520)	(224,289)	(297,431)
Total All Other Governmental Funds	<u>\$ 3,000,099</u>	<u>\$ 4,362,907</u>	<u>\$ 5,201,550</u>	<u>\$ 28,249,566</u>

The City of Tulare has elected to show only four years of data for this schedule.

Source:

Comprehensive Annual Financial Report (CAFR)
Balance Sheet – Governmental Funds

CITY OF TULARE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Taxes	\$ 18,482,938	\$ 20,554,735	\$ 27,365,888	\$ 32,896,131
Intergovernmental	1,308,261	2,795,298	2,738,351	177,349
Licenses and Permits	958,444	1,505,099	1,652,910	1,218,021
Fines and Forfeitures	172,139	126,287	192,294	233,436
Charges for Services	3,604,812	4,678,772	4,148,235	4,098,683
Interest and Rentals	855,938	890,924	1,686,320	1,962,211
Grants	2,015,872	924,397	677,378	2,044,042
Meals	68,119	70,776	67,150	65,411
Assessments	129,232	192,338	312,148	370,602
Other	2,580,549	3,644,967	7,464,240	14,837,908
Total Revenues	30,176,304	35,383,593	46,304,914	57,903,794
Expenditures:				
Current:				
General Government	2,251,173	2,550,663	4,238,567	3,798,782
Intergovernmental	3,896	3,895	3,896	1,628,184
Public Safety	11,482,782	13,154,240	14,319,066	16,532,003
Public Works	1,849,499	2,012,500	2,251,300	2,606,821
Community Development	3,836,553	3,231,634	3,927,092	6,027,437
Community Services	2,838,583	2,975,889	3,384,773	3,987,118
Library and Cultural	662,982	694,063	763,357	859,849
Capital Outlay	2,687,696	6,099,406	8,231,702	28,645,304
Debt Service:				
Principal	642,795	662,245	1,164,169	6,432,137
Interest and Fiscal Charges	482,525	530,781	558,445	1,073,901
Total Expenditures	26,738,484	31,915,316	38,842,367	71,591,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,437,820	3,468,277	7,462,547	(13,687,742)
Other Financing Sources (Uses):				
Transfers In	2,207,877	4,160,480	6,428,333	20,856,930
Transfers Out	(2,547,171)	(3,938,352)	(6,189,421)	(20,840,420)
Issuance of Bonds	-	-	-	34,758,449
Total Other Financing Sources (Uses)	(339,294)	222,128	238,912	34,774,959
Net Change in Fund Balances	\$ 3,098,526	\$ 3,690,405	\$ 7,701,459	\$ 21,087,217
Debt Service as a Percentage of Non-Capital Expenditures	5.21%	4.63%	5.60%	17.56%

The City of Tulare has elected to show only four years of data for this schedule.

**CITY OF TULARE
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City		Total Assessed Value (1)	Total Direct Tax Rate
	Secured	Unsecured		
1999	\$ 1,297,830,450	\$ 60,739,285	\$ 1,358,569,735	0.14%
2000	1,318,110,351	61,653,584	1,379,763,935	0.15%
2001	1,385,519,972	63,812,222	1,449,332,194	0.13%
2002	1,431,235,607	63,927,877	1,495,163,484	0.25%
2003	1,484,343,994	65,990,013	1,550,334,007	0.29%
2004	1,562,323,196	67,852,847	1,630,176,043	0.30%
2005	1,666,885,107	68,073,906	1,734,959,013	0.35%
2006	1,891,681,055	73,181,208	1,964,862,263	0.30%
2007	2,281,534,333	79,440,106	2,360,974,439	0.30%
2008	2,751,300,875	99,377,099	2,850,677,974	0.30%

(1) Assessed valuations are net of exemptions.

Source:

County of Tulare, Office of the Auditor-Controller

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual value of taxable property and is subject to the limitations described above.

**CITY OF TULARE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of assessed value)
CURRENT YEAR AND TEN YEARS AGO**

	<u>2008</u>	<u>1998</u>
City Direct Rates:		
City Basic Rate	<u>0.141</u>	<u>0.141</u>
Total Average City Direct Rate	0.141	0.141
Overlapping Rates:		
County of Tulare	0.163	0.167
Buena Vista Elementary School District	0.120	0.154
Liberty Elementary School District	0.156	0.123
Oak Valley Union Elementary School District	0.123	0.122
Palo Verde Union Elementary School District	0.122	0.166
Tulare City Elementary School District	0.166	0.150
Tulare Joint Union High School District	0.151	0.048
College of Sequoias	0.049	0.022
County Schools Service Fund	0.022	0.022
Kaweah Delta Water District	0.022	0.002
Tulare Cemetery District	0.002	0.002
Tulare County Flood Control District	0.002	0.228
Tulare Hospital District	0.025	0.025
Tulare Irrigation District	0.000	0.021
Tulare Memorial District	0.010	0.010
Tulare Mosquito District	0.018	0.018
Education Revenue Augmentation 1993/94	<u>0.235</u>	<u>0.235</u>
Total Average Direct Rate	<u><u>1.527</u></u>	<u><u>1.656</u></u>

NOTE:

In 1978, California voters passes Proposition 13 which sets the property tax rate @ 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. As a result, the tax rates have been frozen since 1979. The above rates are an average of the total of all tax rate areas within the City of Tulare.

Source:

County of Tulare, Office of the Auditor-Controller

**CITY OF TULARE
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2008		1998	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Land of Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	\$ 284,982,951	12.05%	\$ 123,016,113	9.37%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	51,558,940	2.18%	74,638,456	5.68%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	44,849,360	1.90%	47,146,396	3.59%
Saputo Cheese, USA, Inc. formerly Stella Cheese Company, Inc.)	43,032,957	1.82%	16,465,202	1.30%
U.S. Cold Storage of California	43,364,740	1.83%	13,810,879	1.05%
GMAC Model Home Finance Inc.	34,949,828	1.48%		
Daley Ltd Partners (formerly Daley Enterprises, Inc.)			7,939,555	0.62%
Pre/Tulare Outparcel, LLC (formerly Horizon Outlet Centers, Ltp.)	18,458,020	0.78%	16,681,744	1.27%
MC Millin Del Lago, LLC	35424748	1.50%		
Ennis Land Development, LLC	16675167	0.70%		
Reynen Bardis Comm, LLC	16381935	0.69%		
Kindt Corp.				
Wal-Mart Real Estate Business Trust			8,684,670	0.66%
Western Investment Real Estate			8,817,430	0.67%
Blain Construction Company, Inc.			8,709,243	0.66%
	<u>589,678,646</u>	<u>24.93%</u>	<u>325,909,688</u>	<u>24.87%</u>
	<u>\$ 894,374,341</u>	<u>37.81%</u>	<u>\$ 522,675,342</u>	<u>27.16%</u>

Source:

Tulare County Auditor-Controller Office

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**CITY OF TULARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
1999	(4) \$ 1,843,336	\$ 1,895,576	102.83%	(3)	\$ 1,895,576	102.83%
2000	(5) 1,865,448	2,003,540	107.40%	(3)	2,003,540	107.40%
2001	(6) 1,921,043	2,092,518	108.93%	(3)	2,092,518	108.93%
2002	(7) 1,972,361	2,169,365	109.99%	(3)	2,169,365	109.99%
2003	(8) 2,038,196	2,208,405	108.35%	(3)	2,208,405	108.35%
2004	(9) 2,260,827	2,355,253	104.18%	(3)	2,355,253	104.18%
2005	(10) 2,642,430	2,170,347	82.13%	(3)	2,170,347	82.13%
2006	(11) 2,960,091	2,553,998	86.28%	(3)	2,553,998	86.28%
2007	(12) 3,162,577	3,577,110	113.11%	(3)	3,577,110	113.11%
2008	(13) 3,791,244	4,279,124	112.87%	(3)	4,279,124	112.87%

Sources:

- (1) County of Tulare, Office of Auditor-Controller
- (2) City of Tulare Finance Department
- (3) The City entered into an agreement to participate in the Teeter Plan whereby the County pays all taxes levied. The County accepts the responsibility for all collections and all risk of non-payment.
- (4) Reduced approximately \$829,200 for the property tax shift to education.
- (5) Reduced approximately \$841,465 for the property tax shift to education.
- (6) Reduced approximately \$880,955 for the property tax shift to education.
- (7) Reduced approximately \$905,868 for the property tax shift to education.
- (8) Reduced approximately \$939,592 for the property tax shift to education.
- (9) Reduced approximately \$984,502 for the property tax shift to education.
- (10) Reduced approximately \$1,458,821 for the property tax shift to education.
- (11) Reduced approximately \$1,568,945 for the property tax shift to education.
- (12) Reduced approximately \$1,385,911 for the property tax shift to education.
- (13) Reduced approximately \$1,635,368 for the property tax shift to education.

**CITY OF TULARE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities							
Fiscal Year Ended June 30	Lease Revenue Bonds (1)	Leases Payable	Note Payable	Advances from Other Funds	General Obligation Bond	Compensated Absences Payable	Total Governmental Activities
1999	\$ 6,665,000	\$ 18,344	\$ -	\$ 172,200	\$ -	\$ 1,154,571	\$ 8,010,115
2000	6,560,000	413,780	-	279,500	-	1,218,148	8,471,428
2001	6,450,000	375,090	-	240,954	-	1,236,163	8,302,207
2002	6,335,000	366,846	-	-	-	1,368,075	8,069,921
2003	12,230,000	433,655	472,054	-	-	1,389,980	14,525,689
2004	11,720,000	370,458	458,159	-	-	1,458,942	14,007,559
2005	11,160,000	302,669	442,193	-	-	1,573,847	13,478,709
2006	10,555,000	475,162	407,638	-	-	1,653,369	13,091,169
2007	9,905,000	1,687,521	310,289	-	-	1,657,457	13,560,267
2008	38,438,958	1,537,672	-	-	-	1,857,239	41,833,869

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) The City issued over \$29 million of new revenue bonds in 2003 and 2004. The City issued \$79 million of new revenue bonds in 2007.
- (2) Ratio calculated using population for the prior calendar year.

Business-Type Activities

Revenue Bonds Payable (1)	Leases Payable	Notes Payable	Advances from Other Funds	Compensated Absences Payable	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)
\$ 21,075,000	\$ -	\$ 27,158	\$ 434,610	\$ 207,315	\$ 21,744,083	\$29,754,198	719
19,985,000	1,041,283	662,986	390,699	214,173	22,294,141	30,765,569	736
19,395,000	941,728	7,700,000	258,918	222,965	28,518,611	36,820,818	827
39,395,000	941,728	7,700,000	-	246,261	48,282,989	56,352,910	1,244
38,465,000	836,746	7,700,000	-	271,793	47,273,539	61,799,228	1,336
62,045,000	726,039	-	-	303,625	63,074,664	77,082,223	1,614
60,375,000	609,296	-	-	273,246	61,257,542	74,736,251	1,511
58,665,000	486,188	-	-	295,380	59,446,568	72,537,737	1,409
136,451,266	8,834,773	-	-	313,134	145,599,173	159,159,440	2,845
134,632,678	8,628,016	-	-	354,583	143,615,277	185,449,146	3,232

CITY OF TULARE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(In Thousands, except Per Capita)

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percent of Assessed Value (1)</u>	<u>Per Capita</u>
1999	\$ -	\$ 3,130	\$ 3,130	0.23%	75.68
2000	-	3,000	3,000	0.22%	71.77
2001	-	2,865	2,865	0.20%	64.31
2002	-	2,725	2,725	0.16%	60.15
2003	-	2,575	2,575	0.14%	55.65
2004	-	2,420	2,420	0.12%	50.66
2005	-	2,260	2,260	0.11%	45.68
2006	-	2,090	2,090	0.00%	40.60
2007	-	1,910	1,910	0.00%	34.14
2008	-	1,725	1,725	0.00%	30.07

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available from the State of California.

**CITY OF TULARE
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2008**

City Assessed Valuation	\$ 3,360,893,629
Redevelopment Agency Incremental Valuation	<u>510,215,655</u>
 Total Assessed Valuation	 <u><u>\$ 2,850,677,974</u></u>

	Percentage Applicable (1)	Outstanding Debt 6/30/08	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes			
Tulare Joint Union High School District	61.075%	\$ 44,375,812	\$ 27,102,527
Liberty Elementary School District	5.624%	1,110,000	62,426
Tulare Local Health Care District	59.658%	<u>15,000,000</u>	<u>8,948,700</u>
 Total overlapping debt repaid with property taxes		 <u>60,485,812</u>	 <u>36,113,653</u>
 Overlapping Other Debt:			
Tulare County General Fund Obligation	12.210%	\$ 83,490,000	10,194,129
Tulare County Pension Obligations	12.210%	21,345,000	2,606,225
College of Sequoias Certificates of Participation	13.256%	6,968,804	923,785
Tulare Joint Union High School District Certificates of Participation	61.075%	1,165,252	711,678
Tulare City School District Certificates of Participation	92.304%	3,940,067	3,636,839
City of Tulare General Fund Obligation	100.000%	<u>36,740,000</u>	<u>36,740,000</u>
 Total overlapping other debt		 <u>153,649,123</u>	 <u>54,812,656</u>
 Total overlapping debt		 <u><u>\$ 214,134,935</u></u>	 <u>90,926,309</u>
 City direct debt			 <u>-</u>
 Total direct and overlapping debt			 <u><u>\$ 90,926,309</u></u>

Notes:

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source:

California Municipal Statistics, Inc.

**CITY OF TULARE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	1999	2000	2001	2002
Assessed Valuation	\$ 1,402,827,347	\$ 1,423,787,201	\$ 1,492,736,960	\$ 1,538,227,789
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	350,706,837	355,946,800	373,184,240	384,556,947
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	52,606,026	53,392,020	55,977,636	57,683,542
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 52,606,026</u>	<u>\$ 53,392,020</u>	<u>\$ 55,977,636</u>	<u>\$ 57,683,542</u>
 Total Debt Applicable to the Limit as a percentage of Debt Limit	 0.00%	 0.00%	 0.00%	 0.00%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based on 15% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source:

City of Tulare Finance Department
County of Tulare, Office of the Auditor-Controller

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 1,592,761,298	\$ 1,671,724,504	\$ 1,755,719,923	\$ 1,884,513,873	\$ 2,360,974,439	\$ 2,850,677,974
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
398,190,325	417,931,126	438,929,981	471,128,468	590,243,610	712,669,495
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
59,728,549	62,689,669	65,839,497	70,669,270	88,536,541	106,900,424
-	-	-	-	-	-
<u>\$ 59,728,549</u>	<u>\$ 62,689,669</u>	<u>\$ 65,839,497</u>	<u>\$ 70,669,270</u>	<u>\$ 88,536,541</u>	<u>\$ 106,900,424</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF TULARE
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (In Thousands)**

<u>Fiscal Year Ended June 30</u>	<u>Sewer Revenue Bonds</u>					
	<u>Sewer Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1999	\$ 5,069	\$ 1,786	\$ 3,283	\$ 515	\$ 1,186	1.93
2000	5,940	1,890	4,050	535	1,162	2.39
2001	6,434	2,312	4,122	281	1,404	2.45
2002	6,946	3,818	3,128	849	1,567	1.29
2003	8,688	4,536	4,152	1,170	1,746	1.42
2004	8,152	4,861	3,291	702	1,709	1.36
2005	10,887	5,643	5,244	3,388	888	1.23
2006	12,240	5,810	6,430	1,710	2,659	1.47
2007	13,378	8,359	5,019	1,755	2,492	1.18
2008	18,813	10,320	8,493	1,819	2,477	1.98

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 1,557	\$ 125	\$ 161	5.44
1,566	130	156	5.48
1,741	135	163	5.84
2,056	140	151	7.07
3,220	150	138	11.18
3,692	155	131	12.91
3,735	160	123	13.20
4,395	170	116	15.37
5,156	180	108	17.90
5,529	185	99	19.47

**CITY OF TULARE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Assessed Valuation (in thousands) (2)</u>	<u>Per Capita Assessed Valuation</u>	<u>City Unemployment Rate (3)</u>	<u>County Unemployment Rate (3)</u>	<u>Total Personal Income (4)</u>
1999	41,356	1,358,570	32.85	15.90%	13.00%	36,250
2000	41,800	1,379,764	33.01	13.10%	15.10%	(a)
2001	44,550	1,449,333	32.53	11.00%	14.30%	(a)
2002	45,300	1,495,163	33.01	11.30%	14.00%	(a)
2003	46,270	1,550,334	33.51	11.20%	13.10%	(a)
2004	47,770	1,630,176	34.13	10.80%	12.60%	(a)
2005	49,477	1,734,959	35.07	7.50%	9.00%	(a)
2006	51,477	1,925,138	37.40	6.60%	7.90%	(a)
2007	55,935	2,321,221	41.50	7.30%	8.60%	(a)
2008	57,375	2,807,554	48.93	8.30%	9.80%	(a)

(a) Information unavailable

Sources:

- (1) State Department of Finance
- (2) Tulare County Auditor-Controller
- (3) State of California Employment Development Department (data shown is for the County)

**CITY OF TULARE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

<u>Employer</u>	<u>2008</u>		<u>1998</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Land O'Lakes (formerly Dairyman's Cooperative Creamery)	600	2.93%	650	(1)
Nestle Ice Cream Co. (Haagen Dazs)	300	1.46%	300	(1)
Wal-Mart	280	1.37%		(1)
Southern Ca Edison Company	200	0.98%	250	(1)
Gruman-Olsen Ind., Inc.			200	(1)
PSI Tronix			175	(1)
Golden Valley Dairy Products	215	1.05%		(1)
Cheese & Protein International	170	0.83%		(1)
Morris Levin & Son	170	0.83%		(1)
Kings County Truck Lines	150	0.73%	150	(1)
Saputo Cheese USA, Inc. (formerly Stella Cheese Plant)	150	0.73%	120	(1)
Kraft USA Tulare	130	0.63%	130	(1)
J.D. Heiskell Company	125	0.61%	100	(1)

“Total Employment” as used above represents the total employment of all employers located within city limits.

(1) Information on “Total Employment” for 1998 unavailable.

Source:

State of California Employment Development Department
Tulare County Economic Development Corporation
Tulare Chamber of Commerce

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**CITY OF TULARE
 FULL-TIME AND PART-TIME CITY EMPLOYEES
 BY FUNCTION
 LAST TEN FISCAL YEARS**

Full-time and Part-time Employees as of June 30										
Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	31	34	33	34	35	35	34	34	34	39
Public Safety	108	108	107	114	116	119	119	137	147	161
Public Works	60	62	61	63	65	68	68	71	73	77
Community Development	21	21	21	22	12	20	19	19	23	24
Community Services	54	54	55	55	55	55	55	33	34	39
Library and Cultural	7	7	8	10	10	10	9	9	10	11
Total	281	286	285	298	293	307	304	303	321	351

**CITY OF TULARE
OPERATING INDICATORS
BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	1999	2000	2001	2002	2003
Police:					
Arrests	1,476	2,775	2,661	2,436	2,532
Parking Citations Issued	2,010	2,440	2,122	2,914	3,366
(1) Fire:					
Number of Emergency Calls	3,051	3,243	3,244	3,432	3,758
Inspections	932	746	719	586	891
Parks and Recreation:					
Number of Recreation Classes	81	93	92	82	87
Number of Facility Rentals	862	1,063	961	1,113	931
Water:					
New Connections	(2)	(2)	(2)	(2)	333
Average Daily Consumption (millions of gallons)	12	16	14	20	14
Sewer:					
New Connections	293	109	298	192	329

(1) Information reported on a calendar year basis.

(2) Information unavailable.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2004	2005	2006	2007	2008
2,488	2,265	2,792	3,113	3,363
2,539	1,680	2,023	3,149	3,436
3,765	3,871	4,544	5,116	(2)
1,078	1,194	1,333	705	(2)
93	95	101	113	140
911	1,102	1,036	1,388	2,143
327	288	471	782	268
11	8	11	14	17
478	974	453	759	358

**CITY OF TULARE
CAPITAL ASSET STATISTICS
BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	1999	2000	2001	2002	2003
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	2	2	2	2	2
Public Works:					
Streets (miles)	154.07	155.74	155.83	155.83	161.69
Traffic Signals	34	36	36	36	36
Parks and Recreation:					
Parks	14	15	16	16	16
Park Acreage	130.15	152.15	174.15	174.15	193.85
Water:					
Water Mains (miles)	173.58	174.58	175.25	175.25	178.29
Average Daily Consumption (millions of gallons)	11.70	16.00	14.20	19.90	14.08
Sewer:					
Sanitary Sewers (miles)	159.40	167.50	168.09	168.09	171.19
Average Daily Wastewater Flow (millions of gallon)	7.50	7.85	8.08	9.02	10.01

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2004	2005	2006	2007	2008
1	1	1	1	1
3	3	3	3	3
170.00 37	158.70 39	170.00 40	184.60 42	187.52 42
15 189.15	15 189.15	15 189.15	16 206.15	17 207.81
181.52 11.07	183.20 8.48	184.20 10.86	192.90 13.58	208.51 16.72
173.85 10.32	175.30 10.81	176.90 11.22	184.60 11.30	197.64 11.36

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